

2010

# S T A T E O F U T A H

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2010

# State Of Utah COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2010

## CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert ..... Governor  
Greg Bell ..... Lt. Governor  
Auston G. Johnson, CPA ..... State Auditor  
Richard K. Ellis ..... State Treasurer  
Mark L. Shurtleff ..... Attorney General  
Michael G. Waddoups ..... President of the Senate  
David Clark ..... Speaker of the House  
Christine M. Durham ..... Chief Justice, Supreme Court

## OTHER STATE OFFICIALS

Kimberly K. Hood ..... Executive Director, Department of Administrative Services  
John C. Reidhead, CPA ..... Director, Division of Finance  
John E. Nixon, CPA ..... Director, Governor's Office of Planning and Budget  
Jonathan C. Ball ..... Director, Office of the Legislative Fiscal Analyst  
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



**Department of Administrative Services:** Division of Finance Accounting Standards and Financial Reporting Section

**State of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2010

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## State of Utah

GARY R. HERBERT  
Governor

GREG BELL  
Lieutenant Governor

## Department of Administrative Services

Kimberly K. Hood  
Executive Director

### Division of Finance

John C. Reidhead, CPA  
Director

November 18, 2010

To the Citizens, Governor,  
and Members of the Legislature  
of the State of Utah:

It is our pleasure to present the 2010 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

**Internal Control.** The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

**Independent Auditors.** In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Office of the Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report and will be available at a later date.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

**Structure.** As shown in the organizational chart on page 10, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety,



health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented components units can be found in the notes to the financial statements (see Note 1. A.).

**Budgetary Control.** The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget by fund, function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. For additional information on budgetary control see the notes to Required Supplementary Information beginning on page 124.

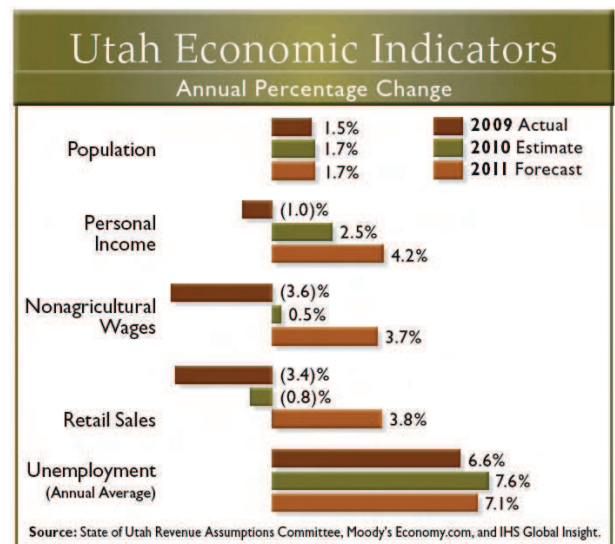
**Budget Stabilization.** In accordance with Sections 63J-1-312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. In addition to the Rainy Day Fund and Education Reserve, the Legislature created the Disaster Recovery Restricted Account to fund costs to the State directly related to a declared disaster. According to Section 63J-1-314 of the *Utah Code*, this fund receives 25 percent of the revenue surplus in the General Fund, after the transfer to the Rainy Day Fund has been made.

**Spending Limitation.** The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2010, the State was \$633.4 million below the appropriations limitation.

## ECONOMIC CONDITIONS AND OUTLOOK

**Economy.** Nationally, corporate before-tax profits decreased by 1.2 percent in 2009, but are expected to increase 34.5 percent through the end of 2010, attributable in large part to cost-cutting and improved productivity. The national average annual unemployment rate was 9.3 percent in 2009, and is expected to increase slightly to 9.7 percent in 2010, and decrease to 9.6 percent in 2011. Utah's economy contracted during 2009, but began to show signs of improvement in early 2010 as the year-over-year job loss rate began to moderate. In the coming months, the economy is expected to gradually improve, both nationally and in Utah.

Utah's unemployment rate is expected to increase from 6.6 percent in 2009 to 7.6 percent in 2010, as idled workers sense a recovery and return to the job search arena. The unemployment rate is expected to decline to 7.1 percent in 2011, as the economy begins to generate sufficient job growth to actually bring the rate down. Many industries in Utah are starting to



show an employment rebound, marking the end of the weakest employment environment in over 23 years. In 2009, personal income and nonagricultural wages declined by 1 percent and 3.6 percent, respectively. In 2010, personal income is expected to increase by 2.5 percent and nonagricultural wages are expected to increase by .5 percent, as the economy begins to rebound. Taxable retail sales fell by 3.4 percent in 2009, and are expected to decrease by .8 percent in 2010. Total construction value was \$3.4 billion in 2009, a 54 percent decline from the record high of \$7.4 billion in 2006. In 2010, total construction valuation is expected to decline slightly to \$3.2 billion, as nonresidential construction reaches the end of its decline. Residential construction was \$1.7 billion in 2009, a 65 percent decline from the record high of \$4.9 billion in 2006. Residential construction is expected to stay level at \$1.7 billion in 2010. After 39 months of decline, the change in the number of permits issued for new single-family homes turned positive in July of 2009. As the Utah economy recovers, favorable interest rates, a decline in the inventory of unsold new homes, and demographic growth will support a recovery in residential construction. Utah grew through positive net migration of approximately 1,500 people in 2009 and 10,000 people in 2010. Utah has had positive net migration for the past 20 years and this trend is expected to continue in the coming years.

**Industries.** Utah's nonagricultural employment growth is expected to contract slightly by .7 percent in 2010, and is expected to grow by 1.4 percent in 2011. The employment environment has shown signs of improvement as the economy continues its slow rebound from the national recession. For the past year from September 2009 to September 2010, more industries added jobs than were losing jobs. Four industries showed continued year-over-year job losses: manufacturing; construction; trade, transportation and utilities; and government (local/federal). The results for September 2009 to September 2010 are presented in the following table.

**State of Utah**  
**Jobs by Industry of Utah's Labor Force**  
*(Expressed in Thousands)*

	<b>Number of Jobs</b>		<b>Numerical Change</b>	<b>Percentage Change</b>	<b>Components of Labor Force</b>
	<b>2010 (est.)</b>	<b>2009</b>	<b>2009 to 2010</b>	<b>2009 to 2010</b>	<b>2010 (est.)</b>
Trade, Transportation, and Utilities .....	231.0	231.7	(0.7)	(0.3)%	19.3 %
Professional and Business .....	154.1	149.3	4.8	3.2 %	12.9 %
Education and Health Services .....	154.6	152.6	2.0	1.3 %	12.9 %
Government (Local/Federal) .....	151.2	151.5	(0.3)	(0.2)%	12.6 %
Manufacturing .....	109.6	111.3	(1.7)	(1.5)%	9.2 %
Leisure and Hospitality .....	114.5	110.9	3.6	3.2 %	9.6 %
Construction .....	70.9	71.9	(1.0)	(1.4)%	5.9 %
Financial Activities .....	71.2	70.0	1.2	1.8 %	6.0 %
Government (State/Higher Ed.) .....	65.1	65.1	0.0	0.0 %	5.4 %
Other Services .....	34.1	33.8	0.3	1.0 %	2.9 %
Information .....	29.3	29.0	0.3	1.1 %	2.4 %
Natural Resources and Mining .....	10.6	10.2	0.4	3.7 %	0.9 %
<b>Total .....</b>	<b>1,196.2</b>	<b>1,187.3</b>	<b>8.9</b>		<b>100.0 %</b>

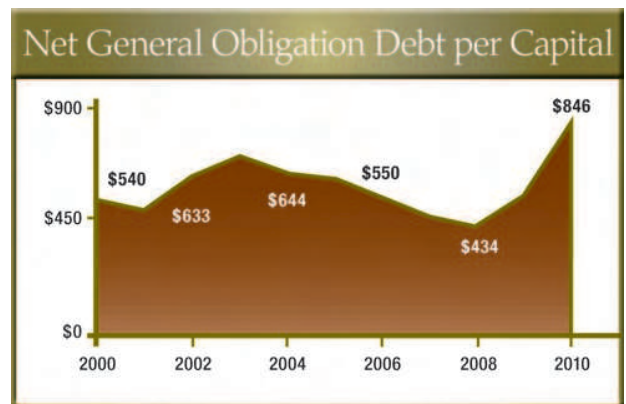
Source: Utah Department of Workforce Services, September 2010 Jobs by Industry and Components of Labor Force

**Outlook.** The national economy began to recover in late 2009 and early 2010, in part due to the replenishment of business inventories and the distribution of federal stimulus monies. By spring 2010, the economy paused as federal stimulus monies receded. The national economy is expected to be sluggish with little forward movement through the end of 2010 and early 2011. Still under the national influence, Utah is also trying to move forward and recover jobs lost the over the past two years. Strengthening consumer confidence, increasing credit, higher stock prices, and an end to the housing downturn are expected to bring an uptick to economic activity in Utah. Economic conditions are expected to gradually strengthen during the months ahead.

## LONG-TERM FINANCIAL PLANNING

**Debt Administration.** As part of long-term financial planning, the State has used a combination of bonding and a "Pay-As-You-Go" method to meet the future infrastructure needs of the State. In fiscal years 2002 through 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal year 2004, the State advance refunded \$316.5 million of general obligation bonds to take advantage of continued low interest rates. From

fiscal years 2004 to 2008, the State primarily funded projects on the “Pay-As-You-Go” plan using one-time and ongoing money. Borrowing activity was limited to the following: In fiscal years 2005 and 2008, the State issued \$140.6 million and \$75 million, respectively of general obligation bonds for building and transportation projects. During fiscal years 2009 through 2011, the State again elected to issue bonds for highway and building projects due to budget constraints and a low interest rate environment. In fiscal years 2009 and 2010, the State issued \$498.8 million and \$982.2 million, respectively, in general obligation bonds for highway and capital facility construction. Of the fiscal year 2010 issuance, \$491.8 million was for Build America Bonds (BABs), which will substantially reduce the State’s cost of borrowing through a 35 percent federal government subsidy of the interest payments on these taxable bonds. Governments typically issue tax-exempt bonds. However, BABs pay a higher coupon rate to the bondholder than government tax-exempt bonds, making the bonds attractive to those who would purchase corporate bonds. In early fiscal year 2011, the State issued \$1.035 billion in general obligation bonds, of which \$622 million was for BABs. Of this total issuance, \$955 million will be used for highway projects and \$80 million for capital facility construction. At this time, the State’s general obligation debt per capita is estimated to be \$1,097 when the fiscal year 2011 bonding activity is included in the calculation. More information about the State’s long-term debt is found in Note 10 to the Basic Financial Statements.



## MAJOR INITIATIVES

Utah, like the rest of the nation, has faced economic challenges over the past few years. In September 2009, the Governor formed the Utah Advisory Commission to Optimize State Government. The task of this Commission was first, to assure all Utah citizens that their tax dollars are being spent carefully and wisely, and second, to identify areas for increased efficiencies and effectiveness within Utah State Government. The Commission issued a report in August 2010 containing more than 50 recommendations, some that can be adopted immediately while others will take time to fully analyze and implement.

With economic indicators beginning to stabilize and the recovery beginning to take hold, fiscal year 2011 state revenues are projected to increase modestly by 3.3 percent from the final 2010 revised estimates. During the 2010 General Session, the Governor and the Legislature were able to balance the fiscal year 2011 budget using budget reductions ranging from less than 1 percent to 15 percent, modest revenue increases, and one-time money from various state accounts. In this constrained environment, the following spending priorities were addressed:

**Education.** State funding for public education continues to be a priority for the Governor and the Legislature. Since 2005, funding for public education has increased 32 percent. In fiscal year 2011, ongoing state funding was increased slightly to replace the one-time state and federal stimulus funds totaling \$293 million that supported the fiscal year 2010 budget. The Weighted Pupil Unit, the primary funding mechanism for public education, was maintained at \$2,577 for fiscal year 2011. This is the same value as in fiscal years 2009 and 2010.

**Transportation.** The Governor and the Legislature have made transportation a priority over the past several years, anticipating future growth and meeting current demands on state infrastructure. At the 2010 fiscal year end, there were over 300 transportation projects in various stages of construction throughout the State. The State funded these projects using a combination of highway user revenues, dedicated sales tax revenue, federal grants, and general obligation bond proceeds authorized during the 2009 General Session. During the 2010 General Session, the Legislature provided for the State’s transportation infrastructure needs by appropriating over \$425.4 million for highway projects and authorizing additional bonding. To take advantage of low interest rates, in early fiscal year 2011, the State issued \$955 million in general obligation bonds for highway projects (noted above in the Long-term Financial Planning section).

**Capital Projects.** The Legislature appropriated \$113 million from the General Fund in fiscal year 2011 to address the State’s capital facilities needs. The projects funded included the Utah Valley University Science building, the Dixie State College Centennial Commons, the Salt Lake Community College Administrative Complex, and repairs for National Guard Armories. Senate Bill 280, *2010 General Obligation Bond Authorization*, authorized a \$46 million bond for research buildings at Utah State University and the University of Utah, related to the Utah Science Technology and Research initiative (USTAR). In early fiscal year 2011, the State issued \$80 million in general obligation bonds for capital facilities construction (noted above in the Long-term Financial Planning section).

**Economic Development.** During the 2010 General Session, legislation was passed to enhance economic development and expand opportunities for growth in Utah. House Bill 24, *Economic Development Incentives Act Amendments*, helps Utah companies that manufacture products to expand capital outlay by providing tax credits to help offset the cost once certain output benchmarks are met. Senate Bill 198, *Economic Development Incentive Amendments*, encourages non-Utah companies to come to the State and do business by allowing the companies to pass economic development tax credits through to a local government to meet the costs of infrastructure development. Energy-related legislation was also passed to foster energy innovation through expanded tax credits, and in doing so, increase employment, increase education funding and make the State a leader in new processes and technologies. Other legislation extended energy-saving programs and opportunities currently available to state agencies to local governments and other entities.

**Other Postemployment Benefit Plans and Employee Compensation.** For Other Postemployment Benefit plans, the Legislature appropriated \$43.8 million in both fiscal years 2010 and 2011, which represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty-five years. During the 2010 General Session, the Legislature addressed an impending 10 percent rise in health insurance premiums by adjusting benefits such that the cost increase was limited to 5 percent. The Legislature appropriated \$11.5 million to cover the remaining 5 percent cost increase to state agencies. Due to the recessionary economy and budget constraints, the Legislature did not fund an increase in compensation or a cost-of-living adjustment for state employees. The Legislature passed two bills to limit the State's future retirement liability and provide flexibility for the changing needs of employees. Senate Bill 43, *Post-Retirement Employment Amendments*, amended provisions related to a retiree who returns to work for a participating employer and placed restrictions on the maximum retirement allowance certain employees can accrue. Senate Bill 63, *New Public Employees' Tier II Contributory Retirement Act*, created for employees hired after July 1, 2011 a lower-cost hybrid retirement plan that allows employees to elect between a defined contribution plan and a defined benefit plan. Under either scenario, the State will contribute 10 percent of the employee's salary to the plan.

## AWARDS AND ACKNOWLEDGEMENTS

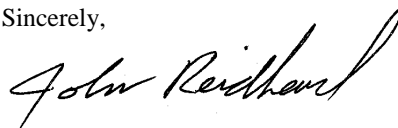
The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-fifth consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our appreciation to the budget and accounting officers throughout state government and to the Office of the Utah State Auditor for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,



John C. Reidhead, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

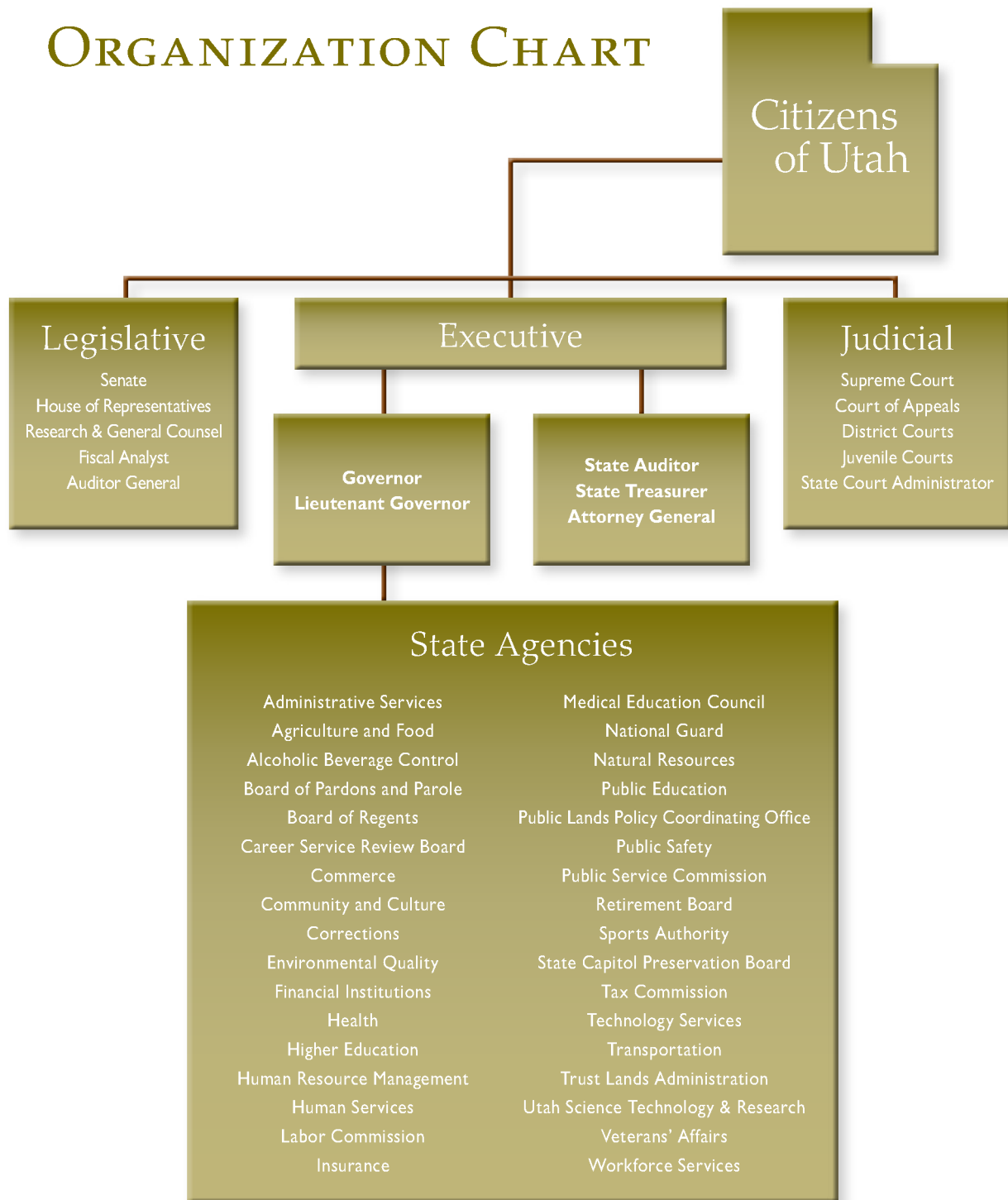
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



# ORGANIZATION CHART



# FINANCIAL SECTION







**Auston G. Johnson, CPA**  
UTAH STATE AUDITOR

**STATE OF UTAH**  
**Office of the State Auditor**

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**FINANCIAL AUDIT DIRECTORS:**  
Van H. Christensen, CPA  
Deborah A. Empey, CPA  
Stan Godfrey, CPA  
Jon T. Johnson, CPA

**INDEPENDENT STATE AUDITOR'S REPORT**

To the Members of the Legislature  
of the State of Utah and  
The Honorable Gary R. Herbert  
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation, Utah Public Employees Health Program, the University of Utah's hospital and component units, the Utah State University Research Foundation, certain other college and university foundations, the Dairy Commission, and the Utah State Retirement Systems, which represent 38 percent of the assets and 40 percent of the revenues of the aggregate discretely presented component units and 68 percent of the assets and 28 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 18, 2010, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 14 through 26 and the required supplementary information on pages 124 through 132 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the supplementary information – combining statements and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 136 through 195 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section on pages 1 through 10 and the statistical section on pages 200 through 237 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Auston G. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Auston G. Johnson, CPA  
Utah State Auditor  
November 18, 2010

## INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

## HIGHLIGHTS

### Government-wide

- Total assets of the State exceeded liabilities by \$17.133 billion (reported as net assets). Of this amount, \$1.833 billion (unrestricted net assets) may be used to meet the government's ongoing obligations while \$15.3 billion is restricted for specific uses or invested in capital assets.
- The State's total net assets increased \$453.4 million or 2.7 percent over the prior year. Net assets of governmental activities increased \$593.8 million or 4.2 percent. Net assets of business-type activities decreased by \$140.4 million or 5.9 percent.

### Fund Level

- The governmental funds reported combined ending fund balances of \$3.5 billion, an increase of \$174.9 million in comparison with the prior year. Approximately 30 percent or \$1.049 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.
- The General Fund ended the fiscal year with a \$14.9 million surplus (unassigned fund balance). The Education Fund ended the year with a zero dollar surplus by using \$42.5 million restricted and budgeted to be used for fiscal year 2011 to cover revenue shortfalls that occurred in fiscal year 2010.
- The State's stabilization accounts, the General Fund Budget Reserve Account ("Rainy Day Fund") and the Education Budget Reserve Account ended the fiscal year with balances of \$105 million and \$104.8 million, respectively. The Legislature used \$83.9 million of the General Fund Budget Reserve Account and \$125.3 million of the Education Budget Reserve Account to make up for revenue shortfalls.
- Overall, sales tax revenues in the governmental funds declined by 1.6 percent, compared to a 13.3 percent decline in the prior year. Combined tax revenues were 4.3 percent lower in the General Fund and 7.5 percent lower in the Education Fund than the prior year. Tax revenues in both funds declined, although by less than the prior year, as the economy showed signs of stabilizing.

### Long-term Debt

- The State's long-term bonded debt increased a net \$180.9 million or 4.5 percent. General obligation bonds for the primary government increased \$846.9 million or 54.2 percent, while revenue bonds for the primary government decreased \$666 million or 27 percent. The new debt issued was used to fund highway and capital facility construction, and to fund student loan programs.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

### Government-wide Statements — Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 29 together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

*Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

*Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

*Component Units* – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

### **Fund Financial Statements — Reporting the State's Most Significant Funds**

The fund financial statements beginning on page 34 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

*Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

*Proprietary Funds* – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water project loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities*. Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

*Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

### **Reconciliation between Government-wide and Fund Statements**

The financial statements include schedules on pages 36 and 40 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred revenue on the governmental fund statements.

**Notes to the Financial Statements**

The notes beginning on page 60 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

**Required Supplementary Information (RSI)**

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. RSI further supports the information in the basic financial statements.

**Supplementary Information**

Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary and fiduciary funds and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriations Acts*.

**Adjustments to Beginning Net Assets**

As described in Note 2 of the financial statements on page 68, beginning net assets of governmental activities were increased by \$28.447 million for capital asset adjustments as a result of implementing GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*. To enhance comparability, all amounts presented for governmental activities for fiscal year 2009 in this discussion and analysis were revised, where applicable, to reflect these changes as if the changes had been made in the prior year.

**FINANCIAL ANALYSIS OF THE STATE AS A WHOLE****Net Assets**

The State's total net assets increased \$453.4 million or 2.7 percent in fiscal year 2010. In comparison, net assets in the prior year decreased \$42.6 million or .3 percent. This increase in total net assets resulted from the active management of the state's resources. The change in net assets is comprised of the following:

- *Invested in Capital Assets* – Total invested in capital assets net of related debt increased \$727 million or 6.4 percent as the State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Assets* – Total restricted net assets decreased \$337.2 million or 9.3 percent over the prior year:
  - Restricted net assets of governmental activities decreased \$340.3 million or 14.5 percent due in part to a \$282.5 million decrease in expendable public education net assets as a result of lower individual income tax revenues caused by the weak economy. In addition, net assets restricted for transportation also decreased by \$195.4 million as the number of infrastructure projects escalated. These decreases were offset by a \$150.7 million increase in nonexpendable public education net assets as a result of increased net earnings in the Permanent Trust Lands Fund.
  - Restricted net assets of business-type activities increased slightly by \$3.1 million. Restricted net assets within the Unemployment Compensation Fund decreased \$256.7 million or 37.8 percent due to unemployment claims exceeding related premiums and investment income due to higher unemployment from the weak economy. This decrease was offset by an increase within (1) the Water Loan Programs of \$169.5 million in net assets restricted for debt service due to restrictions on receivables pledged for outstanding revenue bonds, and (2) the Student Loan Programs and Water Loan Programs of \$90.2 million as additional loan capital in various loan programs provided by federal grants and investment income was received.
- *Unrestricted Net Assets* – Total unrestricted net assets in governmental activities increased by \$206.5 million or 30 percent primarily due to an increase in carry-forward balances in the Transportation Investment Fund. Total unrestricted net assets in business-type activities decreased by \$142.8 million or 13.2 percent primarily due to Water Loan Programs receivables pledged for outstanding revenue bonds, causing unrestricted net assets to decrease and restricted net assets to increase.

(Table on next page)

State of Utah  
**Net Assets as of June 30**  
*(Expressed in Thousands)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and Other Assets .....	\$ 4,779,971	\$ 4,693,031	\$ 4,617,471	\$ 5,030,178	\$ 9,397,442	\$ 9,723,209
Capital Assets .....	14,001,697	12,514,562	84,345	72,007	14,086,042	12,586,569
<b>Total Assets .....</b>	<b>18,781,668</b>	<b>17,207,593</b>	<b>4,701,816</b>	<b>5,102,185</b>	<b>23,483,484</b>	<b>22,309,778</b>
Current and Other Liabilities .....	938,271	941,661	43,470	58,871	981,741	1,000,532
Long-term Liabilities .....	2,933,391	1,949,751	2,435,743	2,680,326	5,369,134	4,630,077
<b>Total Liabilities .....</b>	<b>3,871,662</b>	<b>2,891,412</b>	<b>2,479,213</b>	<b>2,739,197</b>	<b>6,350,875</b>	<b>5,630,609</b>
Net Assets:						
Invested in Capital Assets, Net of Related Debt .....	12,005,321	11,277,630	13,061	13,751	12,018,382	11,291,381
Restricted .....	2,009,168	2,349,499	1,272,090	1,269,006	3,281,258	3,618,505
Unrestricted .....	895,517	689,052	937,452	1,080,231	1,832,969	1,769,283
<b>Total Net Assets .....</b>	<b>\$ 14,910,006</b>	<b>\$ 14,316,181</b>	<b>\$ 2,222,603</b>	<b>\$ 2,362,988</b>	<b>\$ 17,132,609</b>	<b>\$ 16,679,169</b>
Percent change in total net assets from prior year .....	4.1 %		(5.9)%		2.7 %	

The largest component of the State's net assets, 70.1 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 19.2 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include individual income and corporate taxes that can be used only for public and higher education costs and motor fuel taxes that can be used only for transportation expenses.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed commitments or assignments of resources further limit the purposes for which many of those net assets may be used.

The following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2010.

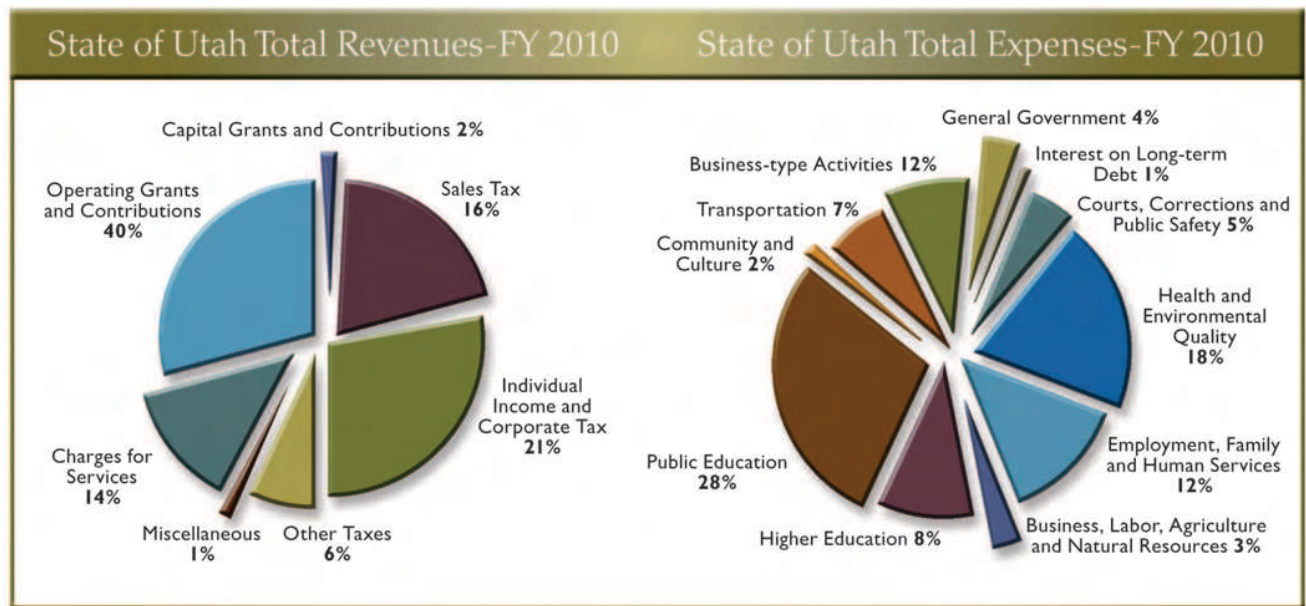
(Table on next page)

State of Utah  
Changes in Net Assets  
for the Fiscal Year Ended June 30  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009 to 2010
<b>Revenues</b>							
General Revenues:							
Taxes .....	\$ 4,704,713	\$ 5,043,745	\$ 22,206	\$ 22,976	\$ 4,726,919	\$ 5,066,721	(6.7)%
Other General Revenues .....	51,790	91,225	38,188	—	89,978	91,225	(1.4)%
Program Revenues:							
Charges for Services .....	945,922	887,113	583,230	532,171	1,529,152	1,419,284	7.7 %
Operating Grants and Contributions .....	3,865,150	3,177,737	546,840	214,876	4,411,990	3,392,613	30.0 %
Capital Grants and Contributions .....	204,237	145,353	—	—	204,237	145,353	40.5 %
<b>Total Revenues .....</b>	<b>9,771,812</b>	<b>9,345,173</b>	<b>1,190,464</b>	<b>770,023</b>	<b>10,962,276</b>	<b>10,115,196</b>	<b>8.4 %</b>
<b>Expenses</b>							
General Government .....	383,925	390,373	—	—	383,925	390,373	(1.7)%
Human Services and Youth Corrections .....	669,169	700,307	—	—	669,169	700,307	(4.4)%
Corrections, Adult .....	238,902	254,980	—	—	238,902	254,980	(6.3)%
Public Safety .....	184,197	189,069	—	—	184,197	189,069	(2.6)%
Courts .....	118,577	123,209	—	—	118,577	123,209	(3.8)%
Health and Environmental Quality .....	1,875,775	1,812,067	—	—	1,875,775	1,812,067	3.5 %
Higher Education .....	837,479	997,218	—	—	837,479	997,218	(16.0)%
Employment and Family Services .....	672,852	514,915	—	—	672,852	514,915	30.7 %
Natural Resources .....	166,749	174,730	—	—	166,749	174,730	(4.6)%
Community and Culture .....	177,823	139,840	—	—	177,823	139,840	27.2 %
Business, Labor, and Agriculture .....	96,895	101,995	—	—	96,895	101,995	(5.0)%
Public Education .....	3,007,905	3,033,574	—	—	3,007,905	3,033,574	(0.8)%
Transportation .....	744,638	819,833	—	—	744,638	819,833	(9.2)%
Interest on Long-term Debt .....	87,393	52,070	—	—	87,393	52,070	67.8 %
Student Assistance Programs .....	—	—	156,754	144,007	156,754	144,007	8.9 %
Unemployment Compensation .....	—	—	872,826	489,925	872,826	489,925	78.2 %
Water Loan Programs .....	—	—	31,971	12,900	31,971	12,900	147.8 %
Community and Economic Loan Programs ..	—	—	2,166	2,349	2,166	2,349	(7.8)%
Liquor Retail Sales .....	—	—	180,401	168,844	180,401	168,844	6.8 %
Other Business-type Activities .....	—	—	30,886	35,635	30,886	35,635	(13.3)%
<b>Total Expenses .....</b>	<b>9,262,279</b>	<b>9,304,180</b>	<b>1,275,004</b>	<b>853,660</b>	<b>10,537,283</b>	<b>10,157,840</b>	<b>3.7 %</b>
Excess (deficit) Before Transfers .....	509,533	40,993	(84,540)	(83,637)	424,993	(42,644)	
Transfers .....	55,845	38,953	(55,845)	(38,953)	—	—	
<b>Change in Net Assets .....</b>	<b>565,378</b>	<b>79,946</b>	<b>(140,385)</b>	<b>(122,590)</b>	<b>424,993</b>	<b>(42,644)</b>	
Net Assets – Beginning as Adjusted .....	14,344,628	14,236,235	2,362,988	2,485,578	16,707,616	16,721,813	
<b>Net Assets – Ending .....</b>	<b>\$ 14,910,006</b>	<b>\$ 14,316,181</b>	<b>\$ 2,222,603</b>	<b>\$ 2,362,988</b>	<b>\$ 17,132,609</b>	<b>\$ 16,679,169</b>	<b>2.7 %</b>

(Charts on next page.)





### Changes in Net Assets

This year the State received 43.1 percent of its revenues from state taxes and 42.1 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 50.1 percent and grants and contributions were 35 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 14.8 percent of total revenues in fiscal year 2010, compared to 14.9 percent in fiscal year 2009.

### Governmental Activities

The State's total governmental revenues from all sources increased \$426.6 million or 4.6 percent. Tax revenues decreased \$339 million or 6.7 percent. This decrease in taxes reflects weak economic conditions and is similar to the decrease at the fund level. However, due to differences in measurement focus and timing of collections, the decrease at the government-wide level should not be used to predict future decreases at the fund statement or budget level. With the exception of Higher Education and Transportation as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 20.

- *Higher Education* – Expenses decreased by \$159.7 million, as compared to the prior year, primarily due to a decrease in the amount spent by the primary government for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However there is no impact on the governmental fund statements.
- *Transportation* – Expenses for transportation activities decreased \$75.2 million, as compared to the prior year, primarily due to an increase in the amount spent for capital outlay (i.e., land, state roads, and bridges). The amount expended for capital outlay is not reported as expenses, but as an asset on the government-wide statements.

The following table shows to what extent the State's governmental activities relied on state taxes and other general revenues to cover all of their costs. For fiscal year 2010, these revenues covered 45.9 percent of expenses. The remaining \$5 billion or 54.1 percent of the total expenses were covered by charges for services and grants.

(Table on next page.)



**State of Utah**  
**Net Cost of Governmental Activities**  
**for the Fiscal Year Ended June 30**  
*(Expressed in Thousands)*

	<b>Program Expenses</b>	<b>Less Program Revenues</b>	<b>Net Program (Expenses) / Revenues</b>		<b>Program Revenues as a Percentage of Program Expenses</b>	
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General Government .....	\$ 383,925	\$ 375,938	\$ (7,987)	\$ (31,640)	97.9 %	91.9 %
Human Services and Youth Corrections .....	669,169	348,855	(320,314)	(354,839)	52.1 %	49.3 %
Corrections, Adult .....	238,902	7,605	(231,297)	(249,041)	3.2 %	2.3 %
Public Safety .....	184,197	120,554	(63,643)	(63,435)	65.4 %	66.4 %
Courts .....	118,577	79,459	(39,118)	(72,651)	67.0 %	41.0 %
Health and Environmental Quality .....	1,875,775	1,577,209	(298,566)	(339,592)	84.1 %	81.3 %
Higher Education .....	837,479	60,328	(777,151)	(963,079)	7.2 %	3.4 %
Employment and Family Services .....	672,852	603,004	(69,848)	(60,592)	89.6 %	88.2 %
Natural Resources .....	166,749	111,745	(55,004)	(64,368)	67.0 %	63.2 %
Community and Culture .....	177,823	94,191	(83,632)	(81,930)	53.0 %	41.4 %
Business, Labor, and Agriculture .....	96,895	85,062	(11,833)	(25,010)	87.8 %	75.5 %
Public Education .....	3,007,905	806,541	(2,201,364)	(2,530,776)	26.8 %	16.6 %
Transportation .....	744,638	744,818	180	(204,954)	100.0 %	75.0 %
Interest and Charges on Long-term Debt .....	87,393	—	(87,393)	(52,070)	0.0 %	0.0 %
<b>Total Governmental Activities .....</b>	<b>\$ 9,262,279</b>	<b>\$ 5,015,309</b>	<b>\$ (4,246,970)</b>	<b>\$ (5,093,977)</b>	<b>54.1 %</b>	<b>45.3 %</b>

### Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 23. Revenues from the State's business-type activities increased \$420.4 million or 54.6 percent from the prior year. The increase was primarily due to increases in the Unemployment Compensation Fund and the Student Assistance Programs. Total expenses for the State's business-type activities increased \$421.3 million or 49.4 percent. The increase is primarily due to increases in the Unemployment Compensation Fund, the Water Loan Programs, and the Student Assistance Programs.

All of the State's business-type activities operate from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales tax revenues and the Community Impact Loan Fund that receives federal mineral lease revenues to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs.

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Adjustments to Beginning Fund Balances

As described in Note 2 of the financial statements on page 68, beginning fund balances of governmental funds were adjusted as noted below. To enhance comparability, all amounts presented for fiscal year 2009 in this discussion and analysis were revised, where applicable, to reflect these changes as if the changes had been made in the prior year.

- Net reclassification of \$3.9 million from the General Fund to Nonmajor Governmental Funds
- Reclassification of \$338 million from the Transportation Fund (major special revenue fund) to Transportation Investment Fund (major special revenue fund)
- Reclassification of \$197.2 million from the Uniform School Fund, previously reported as a major special revenue fund, now reported within the Education Fund (major special revenue fund)

### Fund Balances

At June 30, 2010, the State's governmental funds reported combined ending fund balances of \$3.5 billion. Of this amount, \$1.081 billion or 31 percent is nonspendable, either due to its form or legal constraints, and \$1.369 billion or 39.1 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional \$718.6 million or 20.5 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An

additional \$315.8 million or 9 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$14.9 million or .4 percent of fund balance is unassigned and available for appropriation.

**State of Utah**  
**Governmental Fund Balances as of June 30, 2010**  
*(Expressed in Thousands)*

	<b>General Fund</b>	<b>Education Fund</b>	<b>Transportation Fund</b>	<b>Transportation Investment Fund</b>	<b>Trust Lands Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
Nonspendable .....	\$ 3,272	\$ —	\$ 11,646	\$ —	\$ 1,066,568	\$ —	\$ 1,081,486
Restricted .....	35,171	523,104	178,759	437,503	—	194,410	1,368,947
Committed .....	371,354	—	37,354	149,047	—	160,853	718,608
Assigned .....	222,963	—	918	—	—	91,888	315,769
Unassigned .....	14,884	—	—	—	—	—	14,884
<b>Total .....</b>	<b>\$ 647,644</b>	<b>\$ 523,104</b>	<b>\$ 228,677</b>	<b>\$ 586,550</b>	<b>\$ 1,066,568</b>	<b>\$ 447,151</b>	<b>\$ 3,499,694</b>
Percent change from prior year ....	3.0 %	(26.8)%	(32.2)%	78.1 %	16.5 %	12.1 %	5.3 %

### General Fund

During fiscal year 2010, the General Fund's total fund balance increased \$18.9 million or 3 percent. During the fiscal year, due to revised estimated revenue shortfalls, the Legislature reduced spending through mid-year budget cuts and used agency carry forward monies to balance the budget. The General Fund ended the year with a \$14.9 million unassigned fund balance, or surplus, compared to a zero dollar surplus in the prior year.

For fiscal year 2010, the General Fund nonspendable fund balance decreased \$4.4 million or 57.5 percent due to a decrease in the long-term portion of revolving loans with Internal Service Funds. The restricted fund balance increased slightly by \$2.8 million or 8.8 percent due to increases in revenues set aside for specific purposes. The committed fund balance decreased \$96.6 million or 20.6 percent as \$83.9 million from the General Fund Budget Reserve Account (Rainy Day Fund) and other committed balances were used to cover revenue shortfalls. The General Fund Budget Reserve Account ended fiscal year 2010 with a balance of \$105 million. The General Fund assigned fund balance increased \$98.2 million due primarily to an increase of \$70.2 million in the amount set aside for the next year's budget. Increased tax accruals assigned by law account for most of the remaining change in the assigned fund balance.

Total General Fund revenues increased \$246.5 million or 5.2 percent from the prior year. Total tax collections decreased \$76.2 million or 4.3 percent. The major decrease in tax revenues was sales tax, which decreased only \$71.2 million or 4.8 percent (compared to a 13 percent decrease in the prior year), due to the slowly stabilizing economy. Federal contracts and grants increased by \$369.9 million or 16.3 percent, in part due to \$280.8 million funding provided by the American Recovery and Reinvestment Act (ARRA). ARRA is a one-time federal economic stimulus package provided to the states to aid in recovering from the recession. This increase was the largest single factor in increasing non-tax revenues for the fiscal year. Licenses, permits, and fees increased by \$11.5 million or 50.1 percent due to an increase in court fees imposed by the Legislature. Federal mineral lease revenue decreased by \$43.3 million or 25.1 percent due to declining energy prices and lower production. Investment income decreased \$23.3 million or 77.6 percent due to lower interest rates.

Overall, total General Fund expenditures increased by \$139.3 million or 2.7 percent as the impact of the recession continued to increase the public's demand for some government services, and ARRA and other federal revenues were available to help pay for the increased demand. However, expenditures in other areas decreased because of budget cuts by the Legislature. Significant changes in expenditures occurred in the following areas:

- *Employment and Family Services* – Total expenditures in this category increased \$153.8 million primarily due to a \$134.7 million increase in federal funding for Food Stamp program costs as a result of an increase in caseloads and benefits. Expenditures also increased \$20.4 million due primarily to increases in caseloads in the Child Care programs, the Temporary Assistance to Needy Families (TANF) program, and the Workforce Investment Act program.
- *Health and Environmental Quality* – Total expenditures in this category were up \$61.5 million, primarily due to a \$77.9 million increase in expenditures for Medicaid mandatory services caused by caseload growth and inflationary rate increases. This increase was offset by a \$17.3 million decrease in Medicaid spending that reflected a return to normal spending levels as compared to the prior year, for a disproportionate share of hospital payments.
- *Community and Culture* – Total expenditures in this category increased \$35.8 million due to a \$20.3 million increase in Housing and Community Development programs primarily due to increased funding provided by ARRA. Expenditures also increased \$11.3 million due to an increase in issuing state grants to local governments within the Community Development Capital Budget program as a result of more available funding and more requests for grants as compared to the prior year.

- In addition, overall expenditures decreased in the following areas due to net budget reductions: Human Services and Youth Corrections, \$31.2 million; Higher Education, \$38.9 million; Adult Corrections, \$20.7 million; Public Safety, \$15.6 million; Natural Resources, \$14.2 million; Business, Labor, and Agriculture, \$5.4 million.

### **Budgetary Highlights — General Fund**

The Legislature adopted the initial fiscal year 2010 budget during the 2009 General Session (January to March 2009). The original revenue estimates in the General Fund budget at the start of fiscal year 2010, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, were 4.9 percent lower than the final fiscal year 2009 budget. Budgeted expenditures were 13.5 percent lower than the final fiscal year 2009 budget. In this recessionary environment, the Legislature balanced the budget using spending reductions, one-time resources, modest revenue increases in courts fees and certain commerce and agriculture regulatory fees, and federal funding provided by ARRA.

The fiscal year 2010 budget was again addressed during the 2010 General Session of the Legislature (January to March 2010). At that time, the general revenue estimates, primarily sales and use tax and severance taxes, had decreased \$47.2 million from the original estimates adopted in the 2009 General Session. In order to balance the General Fund budget, the Legislature made additional budget reductions and utilized one-time resources, including the Rainy Day Fund. Slight adjustments were made to the final revenue budget in May 2010 due to revised revenue estimates. In the end, taxes and other general revenues ended the year \$397 thousand less than the final budgeted amounts.

Final budgets of department-specific revenue sources increased over original budgets; and actual department-specific revenues increased over final budgets mostly due to an increase in departmental collections. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, \$21.1 million of unspent budgeted dollars were lapsed back to the General Fund by agencies, a significant increase from the prior year amount of \$4.8 million. The increase in the amount lapsed back was impacted by a mid-year Governor's Executive Order to state agencies requiring spending constraints due to the forecast of further decreases in tax revenues.

### **Education Fund**

Restricted fund balance in the Education Fund decreased \$191.7 million or 26.8 percent from the prior year as expenditures and transfers out exceeded revenues. The Legislature used \$125.3 million of the Education Budget Reserve Account, \$102 million earmarked for growth in student population, and the surplus from the prior year of \$21.5 million, to offset revenue shortfalls in the Education Fund. These decreases in restricted fund balance were offset by a \$36.1 million increase in the amount set aside for the fiscal 2011 budget and \$12.1 million increase in tax accruals restricted by law for education.

The Education Fund ended the year with a zero dollar surplus by using \$42.5 million restricted and budgeted to be used for fiscal year 2011 to cover revenue shortfalls that occurred in fiscal year 2010. The Education Budget Reserve Account ended the fiscal year with a balance of \$104.8 million.

Overall, total revenue in the Education Fund decreased by \$157.9 million or 4.8 percent. Individual income tax decreased \$216.2 million or 9.2 percent, a lagging effect, despite a slowly stabilizing economy. This decrease was offset by an increase in corporate taxes of \$17.8 million or 7.1 percent, primarily due to timing differences on the receipt of taxes at yearend. Federal contracts and grants also increased \$39.4 million or 6.6 percent as a result of federal funding provided by ARRA. Expenditures decreased in the Education Fund by \$32.4 million or 1.1 percent as a result of slight budget reductions.

### **Transportation Fund**

Total fund balance in the Transportation Fund decreased \$108.5 million or 32.2 percent from the prior year. Net transfers in (appropriations) from general resources were significantly reduced by over \$74.1 million, which required the Transportation Fund to use existing fund balance resources to meet spending for infrastructure projects. Restricted fund balance decreased by \$91.9 million or 34 percent as unspent bond proceeds and revenues from the prior year were used in addition to current year revenues on highway projects. In addition, general revenues appropriated to the Transportation Fund in the prior year were spent, decreasing assigned fund balance by \$19.1 million or 95.4 percent.

Revenues increased by \$84 million or 8.2 percent due to a \$99.6 million increase in federal funding primarily provided by ARRA, offset by a \$14.4 million decrease in revenue received from cooperative agreements for construction projects. Expenditures increased by \$22.7 million or 1.9 percent as a result of increased spending on federal participating highway projects. Over the past several years, there has been a major effort directed toward funding the State's transportation needs and critical highway projects.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or existing weather conditions. In addition, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Transportation Investment Fund.

#### **Transportation Investment Fund**

Fund balance in the Transportation Investment Fund increased by \$257.2 million or 78.1 percent from the prior year. Restricted fund balance increased \$99.5 million or 29.4 percent primarily due to funding provided through general obligation bond proceeds. Committed fund balance increased \$149.1 million or 100 percent due to sales tax revenue unspent at yearend.

Revenues increased \$85.6 million or 35.6 percent, due in part to a \$45.8 million increase in motor vehicle registration fees, and also due to a \$37.9 million increase in committed sales and use tax collections for highway projects. Other financing sources increased by \$467.4 million for general obligation bonds issued in fiscal year 2010, \$380 million of which was used for capital project expenditures in the current year. Expenditures increased by \$299 million or 63.3 percent from the prior year as a result of increased spending on highway construction projects.

#### **Trust Lands Fund**

The fund balance of the permanent Trust Lands Fund increased by \$150.7 million or 16.5 percent, primarily due to an increase in investment values because of general market conditions. The permanent fund also generated \$23 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable), with earnings restricted primarily to support public education.

### **FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS**

#### **Student Assistance Programs**

The net assets of the Student Assistance Programs increased by \$48.5 million or 16.3 percent. The increase resulted primarily from a \$37.7 million net gain from the refunding of student loan revenue bonds and a \$15.4 million increase in an administrative cost reimbursement for the sale of student loans to the U.S. Department of Education. Of total net assets of \$346.3 million, \$266.6 million is restricted for use within the programs by bond covenants or federal law.

#### **Unemployment Compensation Fund**

Although the economy began to slowly stabilize in fiscal year 2010, the State's average unemployment rate increased compared to the rate in the prior year. Federal grant revenue in the fund increased \$324.6 million, as benefits were extended for the unemployed. ARRA provided \$259.6 million of the increase. In addition, unemployment tax revenue paid into the fund increased by \$25.8 million as a result of higher unemployment. Expenditures in the fund increased \$382.9 million or 78.2 percent due to the increase in benefit payments. For the second consecutive year, benefit payments exceeded employer taxes and other revenues resulting in the decrease of net assets of \$256.7 million or 37.8 percent. The entire balance of net assets of \$422.6 million is restricted for paying unemployment benefits by state and federal law.

#### **Water Loan Programs**

The net assets of the Water Loan Programs increased \$39.9 million or 5.6 percent from the prior year. Additional capital for loans was provided from \$21.7 million in dedicated sales tax revenues, \$32.6 million in federal grants, and \$13.1 million in interest on loans, offset by program grant expenses of \$20 million and other operating expenses of \$11.2 million. In addition to the increase in net assets noted above, the Water Loan Programs issued \$67.6 million in recapitalization revenue bonds, net of bond premium. This increase in capital allowed the Water Loan Programs to issue more loans during the year resulting in an increase in loans receivable of \$60.8 million. Of total net assets of \$746.5 million, \$346.7 million is restricted for use within the Water Loan Programs by federal grant requirements and \$169.5 million is restricted as pledged receivables for outstanding revenue bonds.

#### **Community Impact Loan Fund**

The Community Impact Loan Fund was reported as a non-major enterprise fund in the prior year, but is now considered a major fund for fiscal year 2010. Net assets of \$524.1 million increased \$20.3 million or 4 percent from the prior year, primarily due to transfers into the fund of \$13 million from federal mineral lease revenues to provide capital for loans and a \$5.3 million increase in interest on notes and mortgages. There is no restriction on fund net assets.

**CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION****Adjustment to Beginning Net Assets and Reclassification of Major Class of Assets**

As described in Note 2 of the financial statements on page 68, beginning net assets of governmental activities were increased by \$28.4 million for capital asset adjustments as a result of implementing GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*. In addition, the beginning balance related to software, previously reported with machinery and equipment was reclassified and is now reported as a separate major class of capital assets. To enhance comparability, all amounts presented for fiscal year 2009 in this discussion and analysis were revised, where applicable, to reflect these changes as if the changes had been made in the prior year.

**Capital Assets**

The State's capital assets increased a net \$1.471 billion during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of \$659.5 million; land and related assets of \$269.7 million; buildings and improvements of \$137.4 million; and in construction in progress of \$343.8 million. Machinery and equipment increased a net \$1.6 million during the year and software increased \$58.9 million during the year. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2010, the State had \$69.6 million of outstanding debt related to capital assets of component units.

At June 30, 2010, the State had \$208.3 million in commitments for building projects in its capital projects funds and \$1.563 billion (\$97.3 million in the Transportation Investment Fund and \$1.466 billion in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

The State has adopted an allowable alternative to reporting depreciation for state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment completed in 2009 (calendar year basis), indicated that 60 percent of the roads were in "fair" or better condition. Only 13.1 percent of the roads assessed were in "very poor" condition. These results reflect a slight change in conditions compared to calendar year 2008, when 61 percent of the roads were assessed as "fair" or better, and 13.9 percent assessed were in "very poor" condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2010, indicated that 72.4 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight improvement in conditions from calendar year 2008 when 69 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2010, the State spent \$411.1 million to maintain and preserve roads and bridges. This amount is 43 percent above the estimated amount of \$287.4 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 90, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 131 and 132.

**Long-term Debt**

The *Constitution of Utah* authorizes issuing general obligation debt only as approved by the Legislature. The *Constitution* also limits the total general obligation indebtedness of the State to an amount equal to 1.5 percent of the value of the total taxable property of the State. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2010, the State was \$1.962 billion below the debt limit established in the *Constitution* and \$646.4 million below the statutory debt limit.

Revenue bonds of the State Building Ownership Authority are not backed by the general taxing authority of the State, but are payable from rent revenue provided through appropriations of the Legislature or other operating revenues. Revenue bonds of the Student



Assistance Programs and Water Loan Programs are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

**State of Utah**  
**Net Outstanding Bonded Debt as of June 30**  
*(Expressed in Millions)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2009 to 2010</b>
General Obligation Bonds .....	\$ 2,409.9	\$ 1,563.0	\$ —	\$ —	\$ 2,409.9	\$ 1,563.0	54.2 %
Revenue Bonds:							
State Building Ownership Auth. ....	238.6	149.3	98.5	74.9	337.1	224.2	50.4 %
Student Assistance Programs .....	—	—	1,388.9	2,235.4	1,388.9	2,235.4	(37.9)%
Water Loan Programs .....	—	—	67.6	—	67.6	—	100.0 %
<b>Total Bonds Payable .....</b>	<b>\$ 2,648.5</b>	<b>\$ 1,712.3</b>	<b>\$ 1,555.0</b>	<b>\$ 2,310.3</b>	<b>\$ 4,203.5</b>	<b>\$ 4,022.6</b>	<b>4.5 %</b>

Total General obligation bonds payable net of premiums, discounts, and deferred amounts on refunding increased \$846.9 million offset by a \$666 million reduction in revenue bonds payable for an overall net increase of \$180.9 million during the fiscal year. The State issued \$982.2 million of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund both highway and capital facility projects. Of the general obligation bonds issued, \$855.4 million was for highway construction and \$126.8 million was for capital facility construction. In addition, the State issued a total of \$350.6 million of revenue bonds. Of the revenue bonds issued, \$126.8 million was to provide for capital facility construction, \$65.8 million was for water facility construction in the Water Loan Programs, and \$158 million was to provide capital for purchasing student loans in the Student Assistance Programs. Student loan program debt decreased \$846.5 million due in part to a \$542.7 million refunding and an early \$50 million sinking fund payment on bonds just issued. The balance of the decrease was attributable to scheduled principal payments.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 94 contains more information about the State's outstanding debt.

### ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund and Education Fund for fiscal year 2011 are higher than actual fiscal year 2010 revenues, by 2.3 percent and 5.3 percent, respectively. Although revenue estimates were slightly higher, the Legislature took additional action to ensure a 2011 balanced budget by further reducing agency budgets, using money from the State's Rainy Day Fund, increasing the tobacco tax, and using one-time resources from various state accounts.

Preliminary data for fiscal year 2011 show tax revenues to be in line with the original 2011 expected budget estimates. The overall unemployment rate is expected to increase in 2010 to 7.6 percent, up from the average 2009 rate of 6.6 percent. Taxable retail sales are expected to decline .8 percent in 2010 and increase 3.8 percent in 2011. Personal income is expected to increase 2.5 percent in 2010, and grow 4.2 percent in 2011. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2011. The Governor and Legislature are expected to review the fiscal year 2011 budget again during the upcoming 2011 General Session and take action as necessary to balance the budget.

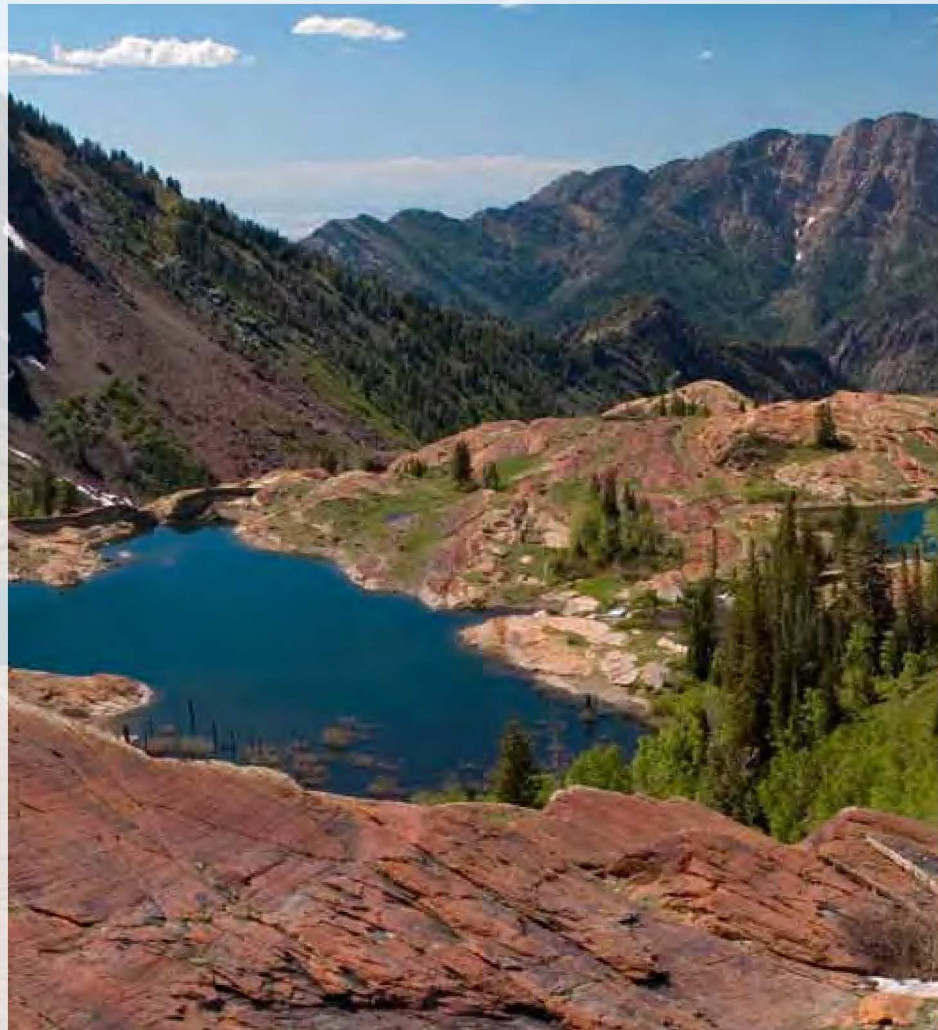
### CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our Web site at: [www.finance.utah.gov](http://www.finance.utah.gov).

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.

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# BASIC FINANCIAL STATEMENTS





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**Statement of Net Assets**

June 30, 2010

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents .....	\$ 885,810	\$ 797,305	\$ 1,683,115	\$ 745,621
Investments .....	1,351,954	41,627	1,393,581	2,144,142
Taxes Receivable, net .....	686,101	1,823	687,924	—
Accounts and Interest Receivable, net .....	727,746	143,293	871,039	484,312
Amounts Due From:				
Component Units .....	23,872	—	23,872	4
Primary Government .....	—	—	—	7,895
Prepaid Items .....	2,641	7,060	9,701	16,060
Inventories .....	16,683	31,391	48,074	58,897
Internal Balances .....	(10,982)	10,982	—	—
Restricted Investments .....	988,557	359,438	1,347,995	664,244
Deferred Charges .....	9,099	14,456	23,555	125,488
Notes/Loans/Mortgages/Pledges Receivable, net .....	26,870	3,048,111	3,074,981	1,466,059
Pledged Loans Receivables .....	—	161,985	161,985	—
Other Assets .....	71,620	—	71,620	80,211
Capital Assets:				
Land and Related Non-depreciable Assets .....	1,354,318	21,573	1,375,891	138,178
Infrastructure .....	10,063,774	—	10,063,774	—
Construction in Progress .....	1,133,392	5,678	1,139,070	386,840
Buildings, Equipment, and Other Depreciable Assets .....	2,383,381	83,734	2,467,115	5,082,356
Less Accumulated Depreciation .....	(933,168)	(26,640)	(959,808)	(2,330,930)
Total Capital Assets .....	14,001,697	84,345	14,086,042	3,276,444
Total Assets .....	18,781,668	4,701,816	23,483,484	9,069,377
LIABILITIES				
Accounts Payable and Accrued Liabilities .....	839,810	36,823	876,633	398,873
Amounts Due to:				
Component Units .....	7,894	1	7,895	—
Primary Government .....	—	—	—	23,872
Securities Lending .....	—	—	—	12,787
Unearned Revenue .....	90,567	6,489	97,056	130,547
Deposits .....	—	157	157	87,272
Long-term Liabilities (Note 10) .....				
Due Within One Year .....	327,806	86,982	414,788	333,980
Due in More Than One Year .....	2,605,585	2,348,761	4,954,346	2,349,984
Total Liabilities .....	3,871,662	2,479,213	6,350,875	3,337,315
NET ASSETS				
Invested in Capital Assets, Net of Related Debt .....	12,005,321	13,061	12,018,382	2,665,351
Restricted for:				
Transportation .....	155,949	—	155,949	—
Public Education – Expendable .....	704,673	—	704,673	—
Public Education – Nonexpendable .....	1,066,568	—	1,066,568	—
Higher Education – Expendable .....	—	—	—	829,003
Higher Education – Nonexpendable .....	—	—	—	527,755
Debt Service .....	9,884	169,522	179,406	173,732
Unemployment Compensation and Insurance Programs ..	4,234	422,610	426,844	146,069
Loan Programs .....	—	679,958	679,958	—
Other Purposes – Expendable .....	67,860	—	67,860	8,582
Unrestricted .....	895,517	937,452	1,832,969	1,381,570
Total Net Assets .....	\$ 14,910,006	\$ 2,222,603	\$ 17,132,609	\$ 5,732,062

The Notes to the Financial Statements are an integral part of this statement.

**Statement of Activities**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government .....	\$ 383,925	\$ 169,808	\$ 206,130	\$ —
Human Services and Youth Corrections .....	669,169	12,851	336,004	—
Corrections, Adult .....	238,902	6,520	1,085	—
Public Safety .....	184,197	53,504	67,050	—
Courts .....	118,577	77,953	1,506	—
Health and Environmental Quality .....	1,875,775	88,504	1,488,705	—
Higher Education .....	837,479	419	59,909	—
Employment and Family Services .....	672,852	(2,715)	605,719	—
Natural Resources .....	166,749	70,780	40,965	—
Community and Culture .....	177,823	5,030	89,161	—
Business, Labor, and Agriculture .....	96,895	74,400	10,662	—
Public Education .....	3,007,905	73,962	732,579	—
Transportation .....	744,638	314,906	225,675	204,237
Interest and Other Charges on Long-term Debt .....	87,393	—	—	—
Total Governmental Activities .....	9,262,279	945,922	3,865,150	204,237
Business-type:				
Student Assistance Programs .....	156,754	109,804	56,987	—
Unemployment Compensation .....	872,826	170,224	446,173	—
Water Loan Programs .....	31,971	13,875	33,717	—
Community and Economic Loan Programs .....	2,166	9,033	9,598	—
Liquor Retail Sales .....	180,401	238,767	316	—
Other Business-type Activities .....	30,886	41,527	49	—
Total Business-type Activities .....	1,275,004	583,230	546,840	0
Total Primary Government .....	\$10,537,283	\$ 1,529,152	\$ 4,411,990	\$ 204,237
Component Units:				
Utah Housing Corporation .....	\$ 109,503	\$ 95,937	\$ 14,059	\$ —
Public Employees Health Program .....	573,675	585,790	23,005	—
University of Utah .....	2,604,200	2,033,878	464,571	49,896
Utah State University .....	475,647	145,882	207,157	26,584
Nonmajor Colleges and Universities .....	937,641	386,460	277,296	47,792
Nonmajor Component Units .....	74,872	37,810	3,134	6,436
Total Component Units .....	\$ 4,775,538	\$ 3,285,757	\$ 989,222	\$ 130,708
General Revenues:				
Taxes:				
Sales and Use Tax .....				
Individual Income Tax Imposed for Education .....				
Corporate Tax Imposed for Education .....				
Motor and Special Fuel Taxes Imposed for Transportation .....				
Other Taxes .....				
Total Taxes .....				
Investment Income .....				
State Funding for Colleges and Universities .....				
State Funding for Other Component Units .....				
Gain on Sale of Capital Assets .....				
Miscellaneous .....				
Permanent Endowments Contributions .....				
Transfers—Internal Activities .....				
Total General Revenues and Transfers .....				
Change in Net Assets .....				
Net Assets—Beginning .....				
Adjustment to Beginning Net Assets .....				
Net Assets—Beginning as Adjusted .....				
Net Assets—Ending .....				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,987)	\$ —	\$ (7,987)	\$ —
(320,314)	—	(320,314)	—
(231,297)	—	(231,297)	—
(63,643)	—	(63,643)	—
(39,118)	—	(39,118)	—
(298,566)	—	(298,566)	—
(777,151)	—	(777,151)	—
(69,848)	—	(69,848)	—
(55,004)	—	(55,004)	—
(83,632)	—	(83,632)	—
(11,833)	—	(11,833)	—
(2,201,364)	—	(2,201,364)	—
180	—	180	—
(87,393)	—	(87,393)	—
(4,246,970)	0	(4,246,970)	0
—	10,037	10,037	—
—	(256,429)	(256,429)	—
—	15,621	15,621	—
—	16,465	16,465	—
—	58,682	58,682	—
—	10,690	10,690	—
0	(144,934)	(144,934)	0
(4,246,970)	(144,934)	(4,391,904)	0
—	—	—	493
—	—	—	35,120
—	—	—	(55,855)
—	—	—	(96,024)
—	—	—	(226,093)
—	—	—	(27,492)
0	0	0	(369,851)
1,735,023	22,206	1,757,229	—
2,027,884	—	2,027,884	—
272,535	—	272,535	—
340,568	—	340,568	—
328,703	—	328,703	—
4,704,713	22,206	4,726,919	0
5,575	—	5,575	81,613
—	—	—	688,831
—	—	—	36,151
10,927	—	10,927	—
35,288	38,188	73,476	—
—	—	—	20,641
55,845	(55,845)	—	—
4,812,348	4,549	4,816,897	827,236
565,378	(140,385)	424,993	457,385
14,316,181	2,362,988	16,679,169	5,274,677
28,447	—	28,447	—
14,344,628	2,362,988	16,707,616	5,274,677
\$14,910,006	\$ 2,222,603	\$ 17,132,609	\$ 5,732,062

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## **General Fund**

This fund is the principal operating fund of the State. It accounts for all financial resources of the general government except those not accounted for and reported in another fund.

## **Education Fund**

This fund accounts for all corporate and income taxes that support public and higher education in the State. This fund is also used to account for specific revenues and expenditures that support public elementary and secondary schools and the State Office of Education.

## **Transportation Fund**

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes, fees, and federal funds.

## **Transportation Investment Fund**

This fund was created by the Legislature to account for revenues and expenditures associated with the maintenance, construction, and reconstruction of specific state and federal highways. Projects designated as Centennial Highway or prioritized as critical highway needs are accounted for within this fund. Funding is provided from federal funds, highway general obligation bonds, registration fees, sales and use taxes, and appropriations.

## **Trust Lands**

This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual with the earnings used primarily to support public education.

## **Nonmajor Funds**

Nonmajor governmental funds are presented by fund type beginning on page 136.



**Balance Sheet  
Governmental Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>General</b>	<b>Education</b>	<b>Transportation</b>	<b>Transportation Investment</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 403,640	\$ 61,636	\$ 184,285	\$ —
Investments .....	55,867	232,113	84,339	567,018
Receivables:				
Accounts, net .....	503,715	129,300	71,349	—
Accrued Interest .....	31	—	—	—
Accrued Taxes, net .....	176,699	429,415	58,016	21,971
Notes/Mortgages, net .....	946	8,856	445	—
Due From Other Funds .....	28,397	1,899	1,787	—
Due From Component Units .....	13	37	—	—
Inventories .....	411	—	11,646	—
Interfund Loans Receivable .....	29,726	—	—	—
Other Assets .....	26	—	22	—
Total Assets .....	<u>\$ 1,199,471</u>	<u>\$ 863,256</u>	<u>\$ 411,889</u>	<u>\$ 588,989</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ 419,347	\$ 143,958	\$ 156,420	\$ —
Due To Other Funds .....	19,092	410	6,888	—
Due To Component Units .....	42	86	—	—
Deferred Revenue .....	113,346	195,698	19,904	2,439
Total Liabilities .....	<u>551,827</u>	<u>340,152</u>	<u>183,212</u>	<u>2,439</u>
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable .....	2,861	—	—	—
Inventories .....	411	—	11,646	—
Permanent Fund Principal .....	—	—	—	—
Restricted .....	35,171	523,104	178,759	437,503
Committed .....	371,354	—	37,354	149,047
Assigned .....	222,963	—	918	—
Unassigned .....	14,884	—	—	—
Total Fund Balances .....	<u>647,644</u>	<u>523,104</u>	<u>228,677</u>	<u>586,550</u>
Total Liabilities and Fund Balances .....	<u>\$ 1,199,471</u>	<u>\$ 863,256</u>	<u>\$ 411,889</u>	<u>\$ 588,989</u>

The Notes to the Financial Statements are an integral part of this statement.

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<b>Permanent</b>		
<b>Trust</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Lands</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Funds</b>	<b>Funds</b>
\$ 552	\$ 170,260	\$ 820,373
988,557	412,617	2,340,511
10,539	8,465	723,368
1,065	66	1,162
—	—	686,101
15,323	—	25,570
7,919	2,902	42,904
—	23,787	23,837
—	—	12,057
—	—	29,726
71,572	—	71,620
<u>\$ 1,095,527</u>	<u>\$ 618,097</u>	<u>\$ 4,777,229</u>
<u><u>\$ 1,095,527</u></u>	<u><u>\$ 618,097</u></u>	<u><u>\$ 4,777,229</u></u>
\$ —	\$ 92,429	\$ 812,154
166	50,473	77,029
10	7,756	7,894
28,783	20,288	380,458
<u>28,959</u>	<u>170,946</u>	<u>1,277,535</u>
—	—	2,861
—	—	12,057
1,066,568	—	1,066,568
—	194,410	1,368,947
—	160,853	718,608
—	91,888	315,769
—	—	14,884
<u>1,066,568</u>	<u>447,151</u>	<u>3,499,694</u>
<u>\$ 1,095,527</u>	<u>\$ 618,097</u>	<u>\$ 4,777,229</u>
<u><u>\$ 1,095,527</u></u>	<u><u>\$ 618,097</u></u>	<u><u>\$ 4,777,229</u></u>

**Reconciliation of the Balance Sheet — Governmental Funds  
To the Statement of Net Assets**

June 30, 2010

(Expressed in Thousands)

Total Fund Balances for Governmental Funds .....		\$ 3,499,694
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Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: (See Note 8)

Land and Related Non-depreciable Assets .....	\$ 1,354,301	
Infrastructure, Non-depreciable .....	10,063,774	
Construction-In-Progress .....	1,133,135	
Buildings, Equipment, and Other Depreciable Assets .....	2,195,101	
Accumulated depreciation .....	<u>(818,524)</u>	13,927,787

Some of the State's earned revenues will be collected after yearend, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. ....		290,171
--	--	---------

Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. ....		75,545
--	--	--------

Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. ....		8,615
---	--	-------

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 10)

General Obligation and Revenue Bonds Payable .....	(2,535,186)	
Unamortized Premiums .....	(119,664)	
Amount Deferred on Refunding .....	7,044	
Accrued Interest Payable .....	(1,533)	
Pollution Remediation Obligation .....	(7,690)	
Settlement Agreements .....	(39,422)	
Compensated Absences .....	(162,120)	
Capital Leases .....	(27,542)	
Net Other Post Employment Benefit Obligation .....	<u>(5,693)</u>	<u>(2,891,806)</u>

Total Net Assets of Governmental Activities .....		<u>\$ 14,910,006</u>
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The Notes to the Financial Statements are an integral part of this statement.

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**State of Utah****Statement Of Revenues, Expenditures, And Changes In Fund Balances  
Governmental Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Special Revenue			
	General	Education	Transportation	Transportation Investment
<b>REVENUES</b>				
Taxes:				
Sales and Use Tax .....	\$ 1,416,447	\$ —	\$ 62,999	\$ 250,158
Individual Income Tax .....	—	2,124,173	—	—
Corporate Tax .....	—	266,961	—	—
Motor and Special Fuels Tax .....	—	—	341,196	—
Other Taxes .....	275,952	36,186	9,454	—
Total Taxes .....	1,692,399	2,427,320	413,649	250,158
Other Revenues:				
Federal Contracts and Grants .....	2,642,157	636,641	421,819	—
Charges for Services/Royalties .....	297,494	2,719	80,704	—
Licenses, Permits, and Fees .....	34,540	4,982	71,633	68,792
Federal Mineral Lease .....	129,377	—	—	—
Federal Aeronautics .....	—	—	39,752	—
Intergovernmental .....	—	—	—	—
Investment Income .....	6,704	25,579	838	6,906
Miscellaneous and Other .....	206,666	26,591	82,609	—
Total Revenues .....	5,009,337	3,123,832	1,111,004	325,856
<b>EXPENDITURES</b>				
Current:				
General Government .....	288,464	—	—	—
Human Services and Youth Corrections .....	665,601	—	—	—
Corrections, Adult .....	232,235	—	—	—
Public Safety .....	194,314	—	—	—
Courts .....	136,373	—	—	—
Health and Environmental Quality .....	1,867,646	—	—	—
Higher Education – State Administration .....	52,084	—	—	—
Higher Education – Colleges and Universities .....	716,043	—	—	—
Employment and Family Services .....	673,060	—	—	—
Natural Resources .....	158,939	—	—	—
Community and Culture .....	170,898	—	—	—
Business, Labor, and Agriculture .....	86,984	—	—	—
Public Education .....	—	3,002,231	—	—
Transportation .....	—	—	1,244,341	771,720
Capital Outlay .....	—	—	—	—
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	5,242,641	3,002,231	1,244,341	771,720
Excess Revenues Over (Under) Expenditures .....	(233,304)	121,601	(133,337)	(445,864)
<b>OTHER FINANCING SOURCES (USES)</b>				
General Obligation Bonds Issued .....	—	—	37,339	818,051
Revenue Bonds Issued .....	—	—	—	—
Premium on Bonds Issued .....	—	—	2,161	47,349
Capital Leases Acquisition .....	11,122	—	—	—
Sale of Capital Assets .....	—	32	8,016	—
Transfers In .....	397,162	8,664	115,904	77,117
Transfers Out .....	(156,098)	(322,038)	(138,550)	(239,479)
Total Other Financing Sources (Uses) .....	252,186	(313,342)	24,870	703,038
Net Change in Fund Balances .....	18,882	(191,741)	(108,467)	257,174
Fund Balances – Beginning .....	632,691	714,845	675,172	(8,652)
Adjustment to Beginning Fund Balances .....	(3,929)	—	(338,028)	338,028
Fund Balances – Beginning As Adjusted .....	628,762	714,845	337,144	329,376
Fund Balances – Ending .....	\$ 647,644	\$ 523,104	\$ 228,677	\$ 586,550

The Notes to the Financial Statements are an integral part of this statement.

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<b>Permanent</b>		
<b>Trust</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Lands</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Funds</b>	<b>Funds</b>
\$ —	\$ 3,808	\$ 1,733,412
—	—	2,124,173
—	—	266,961
—	—	341,196
—	7,161	328,753
<u>0</u>	<u>10,969</u>	<u>4,794,495</u>
—	13,154	3,713,771
61,214	21,305	463,436
—	—	179,947
—	—	129,377
—	—	39,752
—	28,659	28,659
71,494	7,020	118,541
—	40,138	356,004
<u>132,708</u>	<u>121,245</u>	<u>9,823,982</u>
—	25,517	313,981
—	1,591	667,192
—	3,176	235,411
—	5,417	199,731
—	—	136,373
—	5,618	1,873,264
—	—	52,084
—	18,397	734,440
—	269	673,329
—	2,701	161,640
—	7,360	178,258
—	9,595	96,579
—	87	3,002,318
—	366	2,016,427
—	235,499	235,499
—	189,041	189,041
—	113,876	113,876
<u>0</u>	<u>618,510</u>	<u>10,879,443</u>
<u>132,708</u>	<u>(497,265)</u>	<u>(1,055,461)</u>
—	126,780	982,170
—	101,595	101,595
—	16,343	65,853
—	—	11,122
5,918	—	13,966
12,111	318,086	929,044
—	(17,202)	(873,367)
<u>18,029</u>	<u>545,602</u>	<u>1,230,383</u>
<u>150,737</u>	<u>48,337</u>	<u>174,922</u>
915,831	394,885	3,324,772
—	3,929	—
<u>915,831</u>	<u>398,814</u>	<u>3,324,772</u>
<u>\$ 1,066,568</u>	<u>\$ 447,151</u>	<u>\$ 3,499,694</u>



**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Governmental Funds To the Statement of Activities**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds .....	\$ 174,922
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The change in net assets reported for governmental activities in the Statement of Net Assets is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays \$1,637,954 exceeded depreciation \$(72,365) and buildings “transferred” to component units \$(57,325) in the current period. (See Note 8)	1,508,264
---	-----------

In the Statement of Activities, only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the assets sold. ....	(49,620)
--	----------

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. ....	(89,539)
--	----------

Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	2,481
---	-------

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)

Bonds Issued .....	\$ (1,083,765)	
Premiums on Bonds Issued .....	(65,853)	
Capital Lease Additions .....	(11,122)	
Payment of Bond Principal .....	189,041	
Capital Lease Payments .....	<u>2,790</u>	(968,909)

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Pollution Remediation Obligation Costs .....	(3)	
Settlement Agreements Costs .....	(39,422)	
Compensated Absences Expenses .....	568	
Accrued Interest on Bonds Payable .....	(628)	
Amortization of Bond Premiums .....	27,114	
Amortization of Amount Deferred on Refunding .....	(3,064)	
Deferred Bond Issue Costs .....	4,989	
Other Post Employment Benefit Costs .....	<u>(1,775)</u>	(12,221)

Change in Net Assets of Governmental Activities .....	<u>\$ 565,378</u>
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The Notes to the Financial Statements are an integral part of this statement.

## PROPRIETARY FUND FINANCIAL STATEMENTS

### **Student Assistance Programs**

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

### **Unemployment Compensation Fund**

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

### **Water Loan Programs**

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund and from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing water loan recapitalization revenue bonds that are secured by pledged principal and interest payments of specific revolving water resources loan funds.

### **Community Impact Loan Fund**

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

### **Nonmajor Funds**

Nonmajor enterprise funds are presented beginning on page 160.

### **Governmental Activities – Internal Service Funds**

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 170.

# Statement Of Net Assets

## Proprietary Funds

June 30, 2010

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 92,371	\$ 375,682	\$ 120,576	\$ 176,404
Investments .....	40,674	—	—	—
Receivables:				
Accounts, net .....	9,409	56,720	546	—
Accrued Interest .....	31,068	—	9,145	3,308
Accrued Taxes, net .....	—	—	1,823	—
Notes/Loans/Mortgages, net .....	163,317	—	34,893	15,340
Due From Other Funds .....	—	—	7,152	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	2,559	—	—	—
Inventories .....	—	—	—	—
Deferred Charges .....	1,685	—	—	—
Total Current Assets .....	<u>341,083</u>	<u>432,402</u>	<u>174,135</u>	<u>195,052</u>
Noncurrent Assets:				
Restricted Investments .....	359,438	—	—	—
Accounts Receivables .....	—	10,221	—	—
Investments .....	—	—	—	—
Prepaid Items .....	4,498	—	—	—
Accrued Interest Receivable .....	—	—	3,894	70
Notes/Loans/Mortgages Receivables, net .....	1,898,499	—	475,409	328,935
Pledged Loans Receivables .....	—	—	161,985	—
Deferred Charges .....	12,771	—	—	—
Capital Assets:				
Land .....	—	—	—	—
Infrastructure .....	—	—	—	—
Buildings and Improvements .....	12,679	—	—	—
Machinery and Equipment .....	1,408	—	—	—
Intangible Assets—Software .....	—	—	—	—
Construction in Progress .....	—	—	—	—
Less Accumulated Depreciation .....	(3,394)	—	—	—
Total Capital Assets .....	<u>10,693</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>2,285,899</u>	<u>10,221</u>	<u>641,288</u>	<u>329,005</u>
Total Assets .....	<u>2,626,982</u>	<u>442,623</u>	<u>815,423</u>	<u>524,057</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	21,676	1,611	554	—
Deposits .....	—	62	—	—
Due To Other Funds .....	—	4,227	705	—
Due To Component Units .....	—	—	—	—
Interfund Loans Payable .....	—	—	—	—
Unearned Revenue .....	1,618	—	—	—
Policy Claims and Uninsured Liabilities .....	1,695	14,113	—	—
Contracts/Notes Payable .....	66,305	—	—	—
Revenue Bonds Payable .....	510	—	—	—
Arbitrage Liability .....	1,050	—	—	—
Total Current Liabilities .....	<u>92,854</u>	<u>20,013</u>	<u>1,259</u>	<u>0</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	701	—	—	—
Unearned Revenue .....	1,138	—	—	—
Interfund Loans Payable .....	—	—	—	—
Policy Claims and Uninsured Liabilities .....	3,297	—	—	—
Contracts/Notes Payable .....	745,049	—	—	—
Revenue Bonds Payable .....	1,388,446	—	67,624	—
Arbitrage Liability .....	49,164	—	—	—
Total Noncurrent Liabilities .....	<u>2,187,795</u>	<u>0</u>	<u>67,624</u>	<u>0</u>
Total Liabilities .....	<u>2,280,649</u>	<u>20,013</u>	<u>68,883</u>	<u>0</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	2,125	—	—	—
Restricted for:				
Unemployment Compensation and Insurance Programs .....	—	422,610	—	—
Loan Programs .....	266,641	—	346,660	—
Debt Service .....	—	—	169,522	—
Unrestricted (Deficit) .....	77,567	—	230,358	524,057
Total Net Assets .....	<u>\$ 346,333</u>	<u>\$ 422,610</u>	<u>\$ 746,540</u>	<u>\$ 524,057</u>

The Notes to the Financial Statements are an integral part of this statement.

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities –</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 32,272	\$ 797,305	\$ 65,437
—	40,674	—
16,678	83,353	3,124
1,512	45,033	—
—	1,823	—
10,833	224,383	—
36,042	43,194	22,785
—	0	35
3	2,562	2,367
31,391	31,391	4,626
—	1,685	18
<u>128,731</u>	<u>1,271,403</u>	<u>98,392</u>
—	359,438	—
—	10,221	—
953	953	—
—	4,498	274
722	4,686	—
120,885	2,823,728	1,300
—	161,985	—
—	12,771	466
21,573	21,573	17
304	304	303
56,651	69,330	6,081
12,463	13,871	177,278
229	229	4,618
5,678	5,678	257
(23,246)	(26,640)	(114,644)
<u>73,652</u>	<u>84,345</u>	<u>73,910</u>
<u>196,212</u>	<u>3,462,625</u>	<u>75,950</u>
<u>324,943</u>	<u>4,734,028</u>	<u>174,342</u>
12,178	36,019	22,584
95	157	—
27,383	32,315	3,090
1	1	—
—	0	26,865
3,733	5,351	115
—	15,808	17,038
—	66,305	18
3,309	3,819	73
—	1,050	—
<u>46,699</u>	<u>160,825</u>	<u>69,783</u>
—	701	—
—	1,138	165
—	0	2,861
—	3,297	24,859
—	745,049	466
95,181	1,551,251	663
—	49,164	—
<u>95,181</u>	<u>2,350,600</u>	<u>29,014</u>
<u>141,880</u>	<u>2,511,425</u>	<u>98,797</u>
10,936	13,061	73,269
—	422,610	4,234
66,657	679,958	—
—	169,522	—
105,470	937,452	(1,958)
<u>\$ 183,063</u>	<u>\$ 2,222,603</u>	<u>\$ 75,545</u>

**Statement Of Revenues, Expenses, And Changes In Fund Net Assets  
Proprietary Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ 10,090	\$ 170,224	\$ 431	\$ —
Fees and Assessments .....	19,449	—	259	—
Interest on Notes/Mortgages .....	80,241	—	13,111	5,275
Federal Reinsurance and Allowances/Reimbursements .....	53,027	424,591	—	—
Miscellaneous .....	24	—	74	474
Total Operating Revenues .....	<u>162,831</u>	<u>594,815</u>	<u>13,875</u>	<u>5,749</u>
<b>OPERATING EXPENSES</b>				
Administration .....	4,454	—	—	—
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	—	—	19,967	—
Rentals and Leases .....	—	—	—	—
Maintenance .....	—	—	—	—
Interest .....	29,030	—	—	—
Depreciation/Amortization .....	541	—	—	—
Student Loan Servicing and Related Expenses .....	59,856	—	—	—
Payment to Lenders for Guaranteed Claims .....	54,690	—	—	—
Benefit Claims and Unemployment Compensation .....	—	872,826	—	—
Supplies and Other Miscellaneous .....	8,183	—	11,246	65
Total Operating Expenses .....	<u>156,754</u>	<u>872,826</u>	<u>31,213</u>	<u>65</u>
Operating Income (Loss) .....	<u>6,077</u>	<u>(278,011)</u>	<u>(17,338)</u>	<u>5,684</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	3,960	21,582	1,076	1,617
Federal Grants .....	—	—	32,641	—
Gain (Loss) on Sale of Capital Assets .....	—	—	—	—
Tax Revenues .....	—	—	21,681	—
Interest Expense and Other Charges .....	—	—	(758)	—
Refunds Paid to Federal Government .....	—	—	—	—
Other Revenues (Expenses) .....	38,510	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>42,470</u>	<u>21,582</u>	<u>54,640</u>	<u>1,617</u>
Income (Loss) before Transfers .....	<u>48,547</u>	<u>(256,429)</u>	<u>37,302</u>	<u>7,301</u>
Capital Contributions .....	—	—	—	—
Transfers In .....	—	—	6,500	13,033
Transfers Out .....	—	(224)	(3,886)	—
Change in Net Assets .....	<u>48,547</u>	<u>(256,653)</u>	<u>39,916</u>	<u>20,334</u>
Net Assets – Beginning .....	<u>297,786</u>	<u>679,263</u>	<u>706,624</u>	<u>503,723</u>
Net Assets – Ending .....	<u>\$ 346,333</u>	<u>\$ 422,610</u>	<u>\$ 746,540</u>	<u>\$ 524,057</u>

The Notes to the Financial Statements are an integral part of this statement.

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 275,868	\$ 456,613	\$ 277,003
4,177	23,885	—
2,866	101,493	—
—	477,618	—
667	1,239	75
<u>283,578</u>	<u>1,060,848</u>	<u>277,078</u>
33,152	37,606	101,405
159,324	159,324	75,634
1,241	21,208	—
1,877	1,877	1,830
2,848	2,848	21,270
—	29,030	—
1,860	2,401	17,679
—	59,856	—
—	54,690	—
—	872,826	11,321
8,587	28,081	44,964
<u>208,889</u>	<u>1,269,747</u>	<u>274,103</u>
<u>74,689</u>	<u>(208,899)</u>	<u>2,975</u>
325	28,560	484
8,021	40,662	—
(322)	(322)	(1,342)
525	22,206	—
(4,499)	(5,257)	(54)
—	0	(168)
—	38,510	428
<u>4,050</u>	<u>124,359</u>	<u>(652)</u>
78,739	(84,540)	2,323
—	0	(10)
4,676	24,209	177
(75,944)	(80,054)	(9)
<u>7,471</u>	<u>(140,385)</u>	<u>2,481</u>
<u>175,592</u>	<u>2,362,988</u>	<u>73,064</u>
<u>\$ 183,063</u>	<u>\$ 2,222,603</u>	<u>\$ 75,545</u>



**Statement Of Cash Flows  
Proprietary Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 66,882	\$ 161,252	\$ 10,778	\$ 5,683
Receipts from Loan Maturities .....	231,056	—	37,579	22,259
Receipts Federal Reinsurance & Allowances/Reimburse ..	23,966	424,591	—	—
Receipts from State Customers .....	11,241	—	—	—
Student Loan Disbursements Received from Lenders .....	561,462	—	—	—
Student Loan Disbursements Sent to Schools/Lenders .....	(560,678)	—	—	—
Payments to Suppliers/Claims/Grants .....	(31,454)	(873,724)	(1,743)	—
Disbursements for Loans Receivable .....	187,200	—	(98,423)	(62,414)
Payments on Loan Guarantees .....	(53,770)	—	—	—
Payments for Employee Services and Benefits .....	(11,039)	—	—	—
Payments to State Suppliers and Grants .....	—	—	(30,260)	(65)
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	—
Net Cash Provided (Used) by				
Operating Activities .....	<u>424,866</u>	<u>(287,881)</u>	<u>(82,069)</u>	<u>(34,537)</u>
<b>CASH FLOWS FROM NONCAPITAL</b>				
<b>FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Receipts from Bonds, Notes, and Deposits .....	1,493,346	5	67,624	—
Payments of Bonds, Notes, Deposits, and Refunds .....	(1,790,714)	(6)	—	—
Interest Paid on Bonds, Notes, and Financing Costs .....	(40,506)	—	—	—
Federal Grants and Other Revenues .....	—	—	24,882	—
Restricted Sales Tax .....	—	—	19,858	—
Transfers In from Other Funds .....	—	—	6,500	13,033
Transfers Out to Other Funds .....	—	(224)	(3,886)	—
Net Cash Provided (Used) by				
Noncapital Financing Activities .....	<u>(337,874)</u>	<u>(225)</u>	<u>114,978</u>	<u>13,033</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED</b>				
<b>FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Proceeds from Bond and Note Debt Issuance .....	—	—	—	—
Proceeds from Disposition of Capital Assets .....	—	—	—	—
Principal Paid on Debt and Contract Maturities .....	—	—	—	—
Acquisition and Construction of Capital Assets .....	(153)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	—
Transfers In from Other Funds .....	—	—	—	—
Transfers Out to Other Funds .....	—	—	—	—
Net Cash Provided (Used) by				
Capital and Related Financing Activities .....	<u>(153)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	3,962,926	—	—	—
Receipts of Interest and Dividends from Investments .....	3,966	21,582	1,459	1,617
Payments to Purchase Investments .....	(4,072,083)	—	—	—
Net Cash Provided (Used) by				
Investing Activities .....	<u>(105,191)</u>	<u>21,582</u>	<u>1,459</u>	<u>1,617</u>
Net Cash Provided (Used) – All Activities .....	(18,352)	(266,524)	34,368	(19,887)
Cash and Cash Equivalents – Beginning .....	110,723	642,206	86,208	196,291
Cash and Cash Equivalents – Ending .....	<u>\$ 92,371</u>	<u>\$ 375,682</u>	<u>\$ 120,576</u>	<u>\$ 176,404</u>

The Notes to the Financial Statements are an integral part of this statement.

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 311,084	\$ 555,679	\$ 43,069
7,201	298,095	—
—	448,557	—
9,838	21,079	237,635
—	561,462	—
—	(560,678)	—
(174,364)	(1,081,285)	(121,530)
(23,780)	2,583	—
—	(53,770)	—
(32,786)	(43,825)	(100,749)
(1,010)	(31,335)	(32,913)
(42,610)	(42,610)	—
<u>53,573</u>	<u>73,952</u>	<u>25,512</u>
18,379	18,379	—
(19,597)	(19,597)	(4,037)
—	1,560,975	—
—	(1,790,720)	(380)
—	(40,506)	(18)
8,583	33,465	624
525	20,383	—
2,296	21,829	34
(73,651)	(77,761)	(9)
<u>(63,465)</u>	<u>(273,553)</u>	<u>(3,786)</u>
—	0	262
—	0	(1,433)
26,374	26,374	—
—	0	2,485
(3,040)	(3,040)	(69)
(22,587)	(22,740)	(21,564)
(3,973)	(3,973)	(23)
2,380	2,380	143
(2,292)	(2,292)	—
<u>(3,138)</u>	<u>(3,291)</u>	<u>(20,199)</u>
(8)	3,962,918	—
296	28,920	484
—	(4,072,083)	—
<u>288</u>	<u>(80,245)</u>	<u>484</u>
(12,742)	(283,137)	2,011
45,014	1,080,442	63,426
<u>\$ 32,272</u>	<u>\$ 797,305</u>	<u>\$ 65,437</u>

Continues

**Statement Of Cash Flows**  
**Proprietary Funds**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 6,077	\$ (278,011)	\$ (17,338)	\$ 5,684
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	541	—	—	—
Interest Expense for Noncapital and Capital Financing .....	37,408	—	—	—
Miscellaneous Gains, Losses, and Other Items .....	4,590	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	60	(2,273)	(424)	—
Notes/Accrued Interest Receivables .....	380,798	—	(63,514)	(40,221)
Inventories .....	—	—	—	—
Prepaid Items/Deferred Charges .....	(6)	—	—	—
Accrued Liabilities/Due to Other Funds .....	(6,311)	(9,882)	(793)	—
Unearned Revenue/Deposits .....	—	—	—	—
Notes Payable .....	—	—	—	—
Policy Claims Liabilities .....	1,709	2,285	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ 424,866</u>	<u>\$ (287,881)</u>	<u>\$ (82,069)</u>	<u>\$ (34,537)</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ 280	\$ 474
Contributed Capital Assets Transferred In (Out) .....	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 280</u>	<u>\$ 474</u>

The Notes to the Financial Statements are an integral part of this statement.

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<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 74,689	\$ (208,899)	\$ 2,975
1,860	2,401	17,679
—	37,408	—
(608)	3,982	6
(5,433)	(8,070)	4,874
(15,750)	261,313	(1,300)
(1,085)	(1,085)	40
—	(6)	(600)
(224)	(17,210)	3,584
124	124	19
—	0	(12)
—	3,994	(1,753)
<u>\$ 53,573</u>	<u>\$ 73,952</u>	<u>\$ 25,512</u>
\$ 72	\$ 826	\$ 142
—	0	(10)
<u>\$ 72</u>	<u>\$ 826</u>	<u>\$ 132</u>

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# FIDUCIARY FUND FINANCIAL STATEMENTS

## **Pension and Other Employee Benefit Trust Funds**

These funds are used to account for defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems and to account for the State Post-Retirement Benefits Trust Fund, a defined benefit Other Postemployment Benefit Plan (OPEB Plan) administered by the State.

## **Investment Trust Fund**

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

## **Private Purpose Trust Funds**

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

## **Agency Funds**

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 180.



**Statement Of Fiduciary Net Assets  
Fiduciary Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 794,329	\$ 1,411,154	\$ 16,825	\$ 174,173
Receivables:				
Accounts .....	10,345	—	6,660	9,605
Contributions .....	34,641	—	—	—
Investments .....	353,695	—	—	—
Accrued Assessments .....	—	—	4,539	—
Court Settlement .....	—	—	26,000	—
Due From Other Funds .....	—	—	3,448	195
Investments:				
Debt Securities .....	5,902,057	4,912,889	1,112,139	23,407
Equity Investments .....	8,676,150	—	2,273,579	—
Absolute Return .....	2,411,419	—	—	—
Private Equity .....	1,410,809	—	—	—
Real Estate .....	2,799,042	—	—	—
Mortgage Loans .....	6,844	—	—	—
Invested Securities Lending Collateral .....	1,555,917	—	—	—
Total Investments .....	<u>22,762,238</u>	<u>4,912,889</u>	<u>3,385,718</u>	<u>23,407</u>
Capital Assets:				
Land .....	1,780	—	271	—
Buildings and Improvements .....	11,448	—	10,715	—
Machinery and Equipment .....	4,533	—	1,021	—
Less Accumulated Depreciation .....	<u>(17,439)</u>	<u>—</u>	<u>(2,986)</u>	<u>—</u>
Total Capital Assets .....	<u>322</u>	<u>0</u>	<u>9,021</u>	<u>0</u>
Total Assets .....	<u>23,955,570</u>	<u>6,324,043</u>	<u>3,452,211</u>	<u>\$ 207,380</u>
<b>LIABILITIES</b>				
Accounts Payable .....	562,036	—	3,601	\$ —
Securities Lending Liability .....	1,555,917	—	—	—
Due To Other Funds .....	—	—	92	—
Due To Individuals, Organizations, and Other Governments .....	—	—	—	207,380
Unearned Revenue .....	—	—	242	—
Leave/Postemployment Benefits .....	9,426	—	—	—
Policy Claims Liabilities/Insurance Reserves .....	5,788	—	274,676	—
Real Estate Liabilities .....	1,084,561	—	—	—
Total Liabilities .....	<u>3,217,728</u>	<u>0</u>	<u>278,611</u>	<u>\$ 207,380</u>
<b>NET ASSETS</b>				
Held in trust for:				
Pension Benefits .....	17,717,845	—	—	—
Other Postemployment Benefits .....	91,384	—	—	—
Defined Contribution .....	2,928,613	—	—	—
Pool Participants .....	—	6,324,043	—	—
Individuals, Organizations, and Other Governments .....	—	—	3,173,600	—
Total Net Assets .....	<u>\$ 20,737,842</u>	<u>\$ 6,324,043</u>	<u>\$ 3,173,600</u>	
Participant Account Balance Net Asset Valuation Factor ....		<u>1.00385638</u>		

The Notes to the Financial Statements are an integral part of this statement.

**Statement Of Changes In Fiduciary Net Assets  
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Member .....	\$ 291,430	\$ —	\$ 480,460
Employer .....	692,768	—	—
Court Fees and Fire Insurance Premiums .....	18,260	—	—
Total Contributions .....	<u>1,002,458</u>	<u>0</u>	<u>480,460</u>
Pool Participant Deposits .....	<u>—</u>	<u>8,207,966</u>	<u>—</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments .....	2,099,628	15,887	265,692
Interest, Dividends, and Other Investment Income .....	474,196	91,765	67,548
Less Investment Expenses .....	(45,419)	(244)	—
Net Investment Income .....	<u>2,528,405</u>	<u>107,408</u>	<u>333,240</u>
Transfers From Affiliated Systems .....	<u>44,420</u>	<u>—</u>	<u>—</u>
Other Additions:			
Escheats .....	—	—	16,474
Royalties and Rents .....	—	—	3,411
Fees, Assessments, and Revenues .....	—	—	38,283
Miscellaneous .....	—	—	35,124
Total Other .....	<u>0</u>	<u>0</u>	<u>93,292</u>
Total Additions .....	<u>3,575,283</u>	<u>8,315,374</u>	<u>906,992</u>
<b>DEDUCTIONS</b>			
Pension Benefits .....	940,863	—	—
Retiree Healthcare Benefits .....	29,365	—	—
Refunds/Plan Distributions .....	150,298	—	—
Earnings Distribution .....	—	81,871	—
Pool Participant Withdrawals .....	—	7,982,788	—
Transfers To Affiliated Systems .....	44,420	—	—
Trust Operating Expenses .....	—	—	27,762
Distributions and Benefit Payments .....	—	—	147,659
Administrative and General Expenses .....	17,571	—	17,683
Total Deductions .....	<u>1,182,517</u>	<u>8,064,659</u>	<u>193,104</u>
Change in Net Assets Held in Trust for:			
Pension Benefits .....	1,831,778	—	—
Other Postemployment Benefits .....	21,617	—	—
Defined Contributions .....	539,371	—	—
Pool Participants .....	—	250,715	—
Individuals, Organizations, and Other Governments .....	—	—	713,888
Net Assets – Beginning .....	<u>18,345,076</u>	<u>6,073,328</u>	<u>2,459,712</u>
Net Assets – Ending .....	<u>\$ 20,737,842</u>	<u>\$ 6,324,043</u>	<u>\$ 3,173,600</u>

The Notes to the Financial Statements are an integral part of this statement.

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## COMPONENT UNIT FINANCIAL STATEMENTS

### **Utah Housing Corporation**

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds that are repaid from the interest and principal payments made on mortgages.

### **Public Employees Health Program**

This program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

### **University of Utah and Utah State University**

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

### **Nonmajor Component Units**

Nonmajor component units are presented beginning on page 192.

**Combining Statement Of Net Assets  
Component Units**

June 30, 2010

(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 70,185	\$ 27,711	\$ 369,362	\$ 34,949
Investments .....	346,198	27,779	404,517	39,633
Receivables:				
Accounts, net .....	—	34,180	297,377	54,575
Notes/Loans/Mortgages/Pledges, net .....	26,057	—	8,478	1,786
Accrued Interest .....	6,338	1,782	4,284	—
Due From Primary Government .....	—	—	7,756	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	—	9,764	—	1,949
Inventories .....	—	—	39,149	4,743
Deferred Charges .....	—	—	18,194	—
Total Current Assets .....	<u>448,778</u>	<u>101,216</u>	<u>1,149,117</u>	<u>137,635</u>
Noncurrent Assets:				
Restricted Investments .....	97,861	—	431,601	74,207
Accounts Receivables, net .....	—	—	—	36,633
Investments .....	169,249	193,439	568,765	157,286
Notes/Loans/Mortgages/Pledges Receivables, net .....	1,294,387	—	85,421	10,328
Deferred Charges .....	107,099	—	—	—
Other Assets .....	8,670	—	65,252	—
Capital Assets (net of Accumulated Depreciation) .....	6,269	293	1,681,491	526,140
Total Noncurrent Assets .....	<u>1,683,535</u>	<u>193,732</u>	<u>2,832,530</u>	<u>804,594</u>
Total Assets .....	<u>2,132,313</u>	<u>294,948</u>	<u>3,981,647</u>	<u>942,229</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	46,934	11,324	164,344	41,132
Securities Lending Liability .....	—	12,787	—	—
Deposits .....	—	—	70,564	579
Due To Primary Government .....	—	—	13,952	5,968
Unearned Revenue .....	—	2,087	66,823	18,042
Current Portion of Long-term Liabilities (Note 10) .....	174,639	74,251	38,163	22,546
Total Current Liabilities .....	<u>221,573</u>	<u>100,449</u>	<u>353,846</u>	<u>88,267</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	95,826	—	—	—
Unearned Revenue .....	7,952	—	—	1,046
Deposits .....	—	—	12,900	—
Long-term Liabilities (Note 10) .....	1,573,075	48,137	483,429	132,569
Total Noncurrent Liabilities .....	<u>1,676,853</u>	<u>48,137</u>	<u>496,329</u>	<u>133,615</u>
Total Liabilities .....	<u>1,898,426</u>	<u>148,586</u>	<u>850,175</u>	<u>221,882</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	4,079	293	1,289,089	413,015
Restricted for:				
Nonexpendable:				
Higher Education .....	—	—	342,260	85,898
Expendable:				
Higher Education .....	—	—	543,482	129,366
Debt Service .....	173,732	—	—	—
Insurance Plans .....	—	146,069	—	—
Other .....	—	—	—	—
Unrestricted .....	56,076	—	956,641	92,068
Total Net Assets .....	<u>\$ 233,887</u>	<u>\$ 146,362</u>	<u>\$ 3,131,472</u>	<u>\$ 720,347</u>

The Notes to the Financial Statements are an integral part of this statement.

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Nonmajor Component Units	Total
\$ 243,414	\$ 745,621
89,471	907,598
46,655	432,787
6,955	43,276
421	12,825
139	7,895
4	4
4,347	16,060
15,005	58,897
195	18,389
<u>406,606</u>	<u>2,243,352</u>
60,575	664,244
2,067	38,700
147,805	1,236,544
32,647	1,422,783
—	107,099
6,289	80,211
<u>1,062,251</u>	<u>3,276,444</u>
<u>1,311,634</u>	<u>6,826,025</u>
<u>1,718,240</u>	<u>9,069,377</u>
39,177	302,911
—	12,787
1,528	72,671
3,952	23,872
28,636	115,588
24,381	333,980
<u>97,674</u>	<u>861,809</u>
136	95,962
5,961	14,959
1,701	14,601
<u>112,774</u>	<u>2,349,984</u>
<u>120,572</u>	<u>2,475,506</u>
<u>218,246</u>	<u>3,337,315</u>
958,875	2,665,351
99,597	527,755
156,155	829,003
—	173,732
—	146,069
8,582	8,582
276,785	1,381,570
<u>\$ 1,499,994</u>	<u>\$ 5,732,062</u>

**State of Utah****Combining Statement Of Activities  
Component Units**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>
Expenses .....	<u>\$ 109,503</u>	<u>\$ 573,675</u>	<u>\$ 2,604,200</u>	<u>\$ 475,647</u>
Program Revenues:				
Charges for Services:				
Tuition and Fees .....	—	—	228,464	119,040
Scholarship Allowances .....	—	—	(27,164)	(39,624)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$68,874)	95,937	585,790	1,832,578	66,466
Operating Grants and Contributions .....	14,059	23,005	464,571	207,157
Capital Grants and Contributions .....	—	—	49,896	26,584
Total Program Revenues .....	<u>109,996</u>	<u>608,795</u>	<u>2,548,345</u>	<u>379,623</u>
Net (Expenses) Revenues .....	<u>493</u>	<u>35,120</u>	<u>(55,855)</u>	<u>(96,024)</u>
General Revenues:				
State Appropriations .....	—	—	246,631	137,605
Unrestricted Investment Income .....	—	—	62,661	15,939
Permanent Endowments Contributions .....	—	—	13,898	3,395
Total General Revenues .....	<u>0</u>	<u>0</u>	<u>323,190</u>	<u>156,939</u>
Change in Net Assets .....	<u>493</u>	<u>35,120</u>	<u>267,335</u>	<u>60,915</u>
Net Assets – Beginning .....	233,394	111,242	2,864,137	659,432
Net Assets – Ending .....	<u>\$ 233,887</u>	<u>\$ 146,362</u>	<u>\$ 3,131,472</u>	<u>\$ 720,347</u>

The Notes to the Financial Statements are an integral part of this statement.

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<b>Nonmajor Component Units</b>	<b>Total</b>
<u>\$ 1,012,513</u>	<u>\$ 4,775,538</u>
359,574	707,078
(74,799)	(141,587)
139,495	2,720,266
280,430	989,222
54,228	130,708
<u>758,928</u>	<u>4,405,687</u>
<u>(253,585)</u>	<u>(369,851)</u>
340,746	724,982
3,013	81,613
3,348	20,641
<u>347,107</u>	<u>827,236</u>
<u>93,522</u>	<u>457,385</u>
1,406,472	5,274,677
<u><u>\$ 1,499,994</u></u>	<u><u>\$ 5,732,062</u></u>



**Notes to the Financial Statements**

Fiscal Year Ended June 30, 2010

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**A. Reporting Entity**

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (1) the ability of the State to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Office of the Utah State Auditor, P.O. Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Education Fund, a special revenue fund.)

**Blended Component Units**

Blended component units provide services entirely or almost entirely to the primary government. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

**Discrete Component Units**

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State.

The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The colleges and universities, the Public Employees Health Program, Comprehensive Health Insurance Pool and the Schools for the Deaf and Blind are included as component units due to the level of budget or day-to-day oversight provided by the State. The Governor-appointed board members of the Military Installation Development Authority, Heber Valley Historic Railroad Authority and Utah State Fair Corporation can be replaced at will.

The State's major discrete component units are:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. Although not required, these Schools issue separate but unaudited financial statements.

Military Installation Development Authority — This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State.

Heber Valley Historic Railroad Authority — The Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority issues a separate publicly available compilation report.

Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State College of Utah, College of Eastern Utah, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are issued for the branch campuses of the Utah College of Applied Technology.

State Charter School Finance Authority — The Authority was created to provide an efficient and cost-effective method of issuing conduit debt on behalf of charter schools to acquire or construct charter school facilities. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated for repayment of the debt. Accordingly, this debt is not included as part of the State's reporting entity. There is no financial activity for the Authority and therefore no financial statements are required or issued.

### Fiduciary Component Units

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) — Utah Retirement Systems (URS) administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. URS is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units.

Utah Educational Savings Plan Trust (Private Purpose Trust Fund) — This Fund is a non-profit, self-supporting agency that was created as a means to encourage investment in a public trust to pay for future higher education costs. It is administered by the Utah State Board of Regents acting in its capacity as the Utah Higher Education Assistance Authority. Because of the State's trustee responsibilities for this plan, GAAP requires it to be reported as a private purpose trust fund of the primary government rather than a discrete component unit.

In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

### Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

## B. Government-wide and Fund Financial Statements

### Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

## Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

**Major Governmental Funds** — The State reports the following major governmental funds:

- **General Fund.** This fund is the principal operating fund of the State. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.
- **Education Fund.** This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund.** This special revenue fund accounts for dedicated highway user taxes, bond proceeds, fees, and federal funds associated with highway construction and maintenance.
- **Transportation Investment Fund.** This special revenue fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds associated with Centennial Highway projects and other specific highway projects.
- **Trust Lands Fund.** This is a permanent fund that accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

**Nonmajor Governmental Funds** — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for resources used for capital outlays including the acquisition, construction, or improvement of capital facilities other than those

financed by proprietary funds or assets held in trust. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

## Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Board's (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

**Major Enterprise Funds** — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs.** These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.
- **Unemployment Compensation Fund.** This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs.** This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.
- **Community Impact Loan Fund.** This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources.

**Nonmajor Enterprise Funds** — The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, transportation infrastructure, and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

**Internal Service Funds** — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services,

general services, fleet operations, risk management, property management, and human resource management. In the government-wide financial statements, internal service funds are included with governmental activities.

### Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

**Pension and Other Employee Benefit Trust Funds** — These funds account for the plan assets, liabilities, net assets, and changes in net assets of: (1) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; and (2) the State Post-Retirement Benefits Trust Fund, a defined benefit other postemployment health care plan (State Employees' OPEB Plan), administered by the State.

**Investment Trust Fund** — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

**Private Purpose Trust Funds** — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Royalties Holding Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

**Agency Funds** — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

### Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all current GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

### D. Fiscal Yearends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the defined benefit pension plans and defined contribution plans (fiduciary funds), administered by Utah Retirement Systems, Utah State Fair Corporation (nonmajor component unit), and the Utah Dairy

Commission (nonmajor enterprise fund), which have fiscal years ending December 31.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (defined benefit pension plans and defined contribution plans) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) had five types of derivative financial instruments at yearend: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans. Utah Housing Corporation (major component unit) enters into various rate swap contracts as part of its overall funding strategy. The Corporation sells variable rate bonds, although to manage the inherent interest



rate risk associated with variable rate debt, it enters into pay fixed, receive variable interest rate swap contracts. See Note 3 for additional information about derivatives.

### Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

### Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories and state park inventories (reported in the General Fund), that are recorded as expenditures when consumed. Both Transportation Fund inventories and state park inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Prepaid items for the Student Assistance Programs (major enterprise fund) are primarily federal default fees charged at the time loan proceeds are disbursed and amortized over the estimated lives of the loans using an accelerated method of amortization beginning 36 months from the date the federal default fee is paid by the program.

### Capital Assets

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide

Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software, are defined by the State as assets, which cost \$5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over \$1 million. Internally generated software is capitalized if the cost is over \$500 thousand. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment/Software	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the “modified approach” to account for infrastructure assets (i.e., roads and bridges) maintained by the State’s Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (1) maintain an inventory of the assets and perform periodic condition assessments; (2) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (3) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State’s assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

### Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

### Deferred Revenue — Unearned and Unavailable

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (major enterprise fund) are primarily guarantee fees that are recognized as income over a period of ten years using the sum-of-the-years-digits method.

### Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. Policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Assets.

### Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred amounts on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2010, the total estimated arbitrage rebate

liability in the Student Assistance Programs (enterprise fund) was \$50.214 million, of which \$48.32 million represents yield reduction payments and \$1.894 million represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

### Compensated Absences and Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of annual leave. Any balance in converted sick is paid to employees upon termination. This converted sick leave program ends on January 1, 2014. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Note 10 for additional information about the liability.

Employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State's Other Postemployment Benefit Plan (State Employees' OPEB Plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. The Annual Required Contribution (ARC) needed to fund current and future liabilities of the State Employees' OPEB Plan is provided by charges to agency budgets. Payments of postemployment health and life insurance benefits to retirees are made from the State Employees' OPEB plan that is administered as a single-employer defined benefit healthcare plan. See Note 17 for additional information about the State's OPEB Plan administered as an irrevocable trust.

The State of Utah also administers the Elected Officials' OPEB Plan, a single-employer defined benefit healthcare plan. Only governors and legislators (elected officials) that retire after January 1, 1998 and have four or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 17 for additional information.

For administrative purposes, the State maintains compensated absences pools within the General Fund, Education Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the OPEB Plan, and have no liability for leave or postemployment benefits once their contributions have been made.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among component units and from the primary government's policies, but usually vacation leave is expended when earned and sick leave is expended when used.

#### **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 11 for additional information about fund balances.

The State maintains two stabilization accounts: (1) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; and (2) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of both accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature. See Note 11 for additional information about the stabilization accounts.

#### **F. Revenues and Expenditures/Expenses**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are

funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

#### **Grants**

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2010, the State reported revenue and expenditures of \$25.523 million for commodities in the General Fund, and \$16.315 million for commodities in the Education Fund (special revenue fund).

#### **Investment Income**

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Education Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the State Endowment Fund to increase the principal in the fund as required by state law.

#### **Retirement and Employee Benefit Costs**

Most state employees participate in a defined benefit pension plan and/or defined contribution plan administered by Utah Retirement Systems. Contributions collected for the pension plans and contribution plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefit Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

#### **G. Interfund Transactions**

##### **Government-wide Financial Statements**

**Interfund Activity** — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs



and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

### Governmental Fund Financial Statements

**Interfund Activity** — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

### NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2010, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*.
- GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
- GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

In addition to the statements noted above, GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, was implemented by Utah Retirement Systems (fiduciary component unit) and Utah Housing Corporation (major discrete component unit). The required GASB Statement 53 disclosures, from the separate reports of these component units have been included in this report.

GASB Statement 51 requires that identifiable intangible assets be classified and reported as capital assets. This statement also provides guidance on recognizing internally generated computer software as an intangible asset. Retroactive reporting is required except for intangible assets with indefinite useful lives and internally generated assets (i.e., software). The State began capitalizing external software costs over \$5,000 and other intangible assets several years ago and, as a result, restatement of beginning net assets or accumulated amortization related to intangible assets was not necessary. The State decided to retroactively capitalize costs from a recently completed internally generated computer software project for new tax systems. As a result, a restatement of \$28.447 million was made to beginning net assets of governmental activities. Specific changes are reflected in Note 8.

GASB Statement 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classification is based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: *nonspendable*, *committed*, *restricted*, *assigned*, and *unassigned*. This Statement was early implemented. Details on the State's fund balance classifications and policies are reflected in Note 11.

The governmental fund types used by the State were evaluated based on the provisions of GASB Statement 54. Several funds reported as part of Miscellaneous Special Revenue Funds (nonmajor governmental funds) were determined to not meet the new fund type classification for special revenue funds. As a result, the funds were statutorily changed by the Legislature to be sub-accounts within the General Fund. Therefore, a reclassification of \$3.264 million was made to reduce the beginning fund balance of Miscellaneous Special Revenue Funds (nonmajor governmental funds) and increase beginning fund balance of the General Fund. This change had no impact on governmental activities as reported on the prior year Statement of Activities.

In defining fund type classifications GASB Statement 54 clarified that specific revenue sources should be recognized in the special revenue fund where these revenues will be expended. In order to comply with this Statement, legislation was passed that requires all activity of the Uniform School Fund (previously a major special revenue fund) be reported within the Education Fund (major special revenue fund). As a result of this change, the beginning fund balance of the Uniform School Fund (\$197.168 million) is now combined and reported as part of the beginning fund balance of the Education Fund. This change had no impact on governmental activities as reported on the prior year Statement of Activities.

GASB Statement 55 was implemented upon issuance. This statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

All provisions of these new statements have been incorporated into the financial statements and notes.

### Other Adjustments and Changes

As a result of legislative action, a reclassification of \$7.193 million was made to reduce the beginning fund balance related to oil, gas, and mining severance taxes previously reported as part of the General Fund and increase the beginning fund balance of the State Endowment Fund (nonmajor governmental funds). This change had no impact on governmental activities as reported on the prior year Statement of Activities.

The beginning fund balance activity related to the Critical Highway Needs Program was statutorily changed to be reported in the Transportation Investment Fund (major special revenue fund). It was previously reported as part of the Transportation Fund (major special revenue fund). As a result of this change, a reclassification of \$338.028 million was made to reduce the beginning fund balance of the Transportation Fund and increase the beginning fund balance of the Transportation Investment Fund. This change had no impact on governmental activities as reported on the prior year Statement of Activities.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private purpose trust). Exempt from the Act in the primary government are the Trust Lands (permanent fund), Utah Retirement Systems and State Post-Retirement Benefits Trust Fund (pension and other employee benefit trust funds). The discrete component units exempt from the Act are Utah Housing Corporation, Public Employees Health Program, and the college and universities' endowment funds.

**A. Primary Government****Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2010, were \$573.367 million. These deposits are exposed to custodial credit risk as follows:

- \$316.825 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$235.137 million of the primary government deposits which are in an FDIC-Insured Savings account at Zions First National Bank (Bank) for Account Owners in the Utah Educational Savings Plan Trust (UESP) (private purpose trust). Contributions to and earnings on the FDIC-Insured Savings account are insured by the FDIC on a pass-through basis to each Account Owner up to the maximum amount set by federal law. The amount of FDIC insurance provided to an individual is based on the total of (1) the value of an Account Owner's investments in the UESP's FDIC-insured savings account plus (2) the value of other accounts held (if any) at the Bank, as

determined by the Bank and by FDIC regulations. It is the Account Owners responsibility to determine how investments in the savings account would be aggregated with other investments at the Bank for purposes of FDIC insurance.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

Statute allows certain funds acquired by gift, devise or bequest to be invested according to Rule 2 of the Money Management Council. Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; and corporate bonds or debentures. Currently, the Utah Education Savings Trust is the only entity required to comply with Rule 2.

The primary government's investments at June 30, 2010, are presented below. All investments, except those of the Utah Retirement Systems (pension and other employee benefit trust funds), are presented by investment type and debt securities are presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

(Table on next page.)

**Primary Government Investments**  
(except pension and other employee benefit trust funds)  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U.S. Treasuries .....	\$ 8,694	\$ 3,904	\$ 1,988	\$ 2,802	\$ —
U.S. Agencies .....	94,129	66,433	26,864	—	832
Corporate Debt .....	7,494,988	7,489,451	5,537	—	—
Negotiable Certificates of Deposit .....	25,282	25,282	—	—	—
Money Market Mutual Fund .....	1,625,000	1,625,000	—	—	—
Commercial Paper .....	721,579	721,579	—	—	—
Bond Mutual Fund * .....	1,032,340	—	—	1,032,340	—
Repurchase Agreements .....	4,972	4,972	—	—	—
Total Debt Securities Investments	11,006,984	\$ 9,936,621	\$ 34,389	\$ 1,035,142	\$ 832
<u>Other Investments</u>					
Equity Securities .....	12,538				
Equity Mutual Funds Securities:					
Domestic .....	2,441,448				
International .....	423,075				
U.S. Unemployment Trust Pool .....	372,531				
Real Estate Held for Investment Purposes ..	46,045				
Real Estate Joint Ventures .....	6,136				
Component Units Investment in Primary Government's Investment Pool .....	(475,132)				
Total Investments .....	<u>\$13,833,625</u>				

\* At June 30, 2010, the bond mutual fund had an average effective maturity of 6.4 years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments).

- Utah Educational Savings Plan Trust (private purpose trust) – \$1,801.334 million, 62.6 percent, in domestic equity mutual fund securities; \$724.616 million, 25.2 percent, in bond mutual fund; \$224.477 million, 7.8 percent, in international equity mutual fund securities; and \$126.541 million, 4.4 percent, in the Utah Public Treasurer's Investment Fund.

- Trust Lands (permanent fund) – \$459.827 million, 47.6 percent, in domestic equity mutual fund securities; \$262.515 million, 27.2 percent, in bond mutual fund; \$198.598 million, 20.5 percent, in international equity mutual fund securities; and \$45.279 million, 4.7 percent in real estate.
- State Post-Retirement Benefits Trust (pension and other employee benefit trust funds) – \$55.577 million, 61.3 percent, in domestic equity mutual fund securities; \$29.33 million, 32.3 percent, in bond mutual fund; and \$5.757 million, 6.4 percent, in the Utah Public Treasurer's Investment Fund.
- State Endowment Fund (special revenue fund) – \$41.621 million, 38.0 percent, in domestic equity mutual fund securities; \$15.879 million, 14.5 percent, in bond mutual fund; and \$52.091 million, 47.5 percent, in the Utah Public Treasurer's Investment Fund.

(Table on next page.)

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Investments at Fair Value**  
**At December 31, 2009**  
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Debt Securities – Domestic .....	\$ 3,090,946	\$ 1,338,147	\$ 4,429,093
Debt Securities – International .....	737,908	—	737,908
Equity Securities – Domestic .....	3,864,773	643,574	4,508,347
Equity Securities – International .....	2,536,972	178,078	2,715,050
Short-term Securities Pools .....	804,100	2,994	807,094
Mortgage Loans:			
Real Estate Notes .....	6,844	—	6,844
Real Estate .....	2,799,042	—	2,799,042
Private Equity (Venture Capital) .....	1,410,809	—	1,410,809
Absolute Return .....	2,411,419	—	2,411,419
Equity Securities – Domestic (Pooled) .....	—	475,196	475,196
Mutual Fund – International .....	—	113,351	113,351
Investments Held by Broker-dealers			
Under Securities Lending Program:			
U.S. Government and Agency Securities .....	562,642	—	562,642
Corporate Debt Securities – Domestic .....	84,557	13,718	98,275
Debt Securities – International .....	44,809	—	44,809
Equity Securities – Domestic .....	608,407	79,943	688,350
Equity Securities – International .....	94,287	20,214	114,501
Total Investments .....	19,057,515	2,865,215	21,922,730
Securities Lending Collateral Pool .....	1,438,249	117,668	1,555,917
Total Investments .....	<u>\$ 20,495,764</u>	<u>\$ 2,982,883</u>	<u>\$ 23,478,647</u>

### Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270–365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The URS compares an investment's effective duration against the Barclays Capital Aggregate Index for domestic debt securities and the Barclays Capital Global Aggregate Index for international debt securities. The index range at December 31, 2009, was 3.4 – 5.7 for domestic debt securities and 2.7 – 8.1 for international debt securities. At December 31, 2009, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2009, the following tables show the investments by investment type, amount, and the effective weighted duration.

(Table on next page.)

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments, Domestic**  
**At December 31, 2009**  
(Expressed in Thousands)

Investment	Defined Benefit Plans		Defined Contribution Plans		Total All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset-backed Securities .....	\$ 130,615	0.65	\$ 40,914	0.65	\$ 171,529
Commercial Mortgage-backed.....	157,518	4.07	52,341	2.67	209,859
Corporate Bonds .....	986,416	5.27	281,871	5.04	1,268,287
Fixed Income Derivatives – Futures .....	(242,350)	0.34	—	—	(242,350)
Fixed Income Derivatives – Options .....	65	NA	—	—	65
Fixed Income Futures .....	242,350	NA	—	—	242,350
Government Agencies.....	180,062	4.11	251,508	1.96	431,570
Government Bonds .....	506,551	9.01	23,723	2.28	530,274
Government Mortgage-backed Securities.....	1,322,557	2.92	270,826	2.01	1,593,383
Guaranteed Fixed Income .....	104,739	2.23	—	—	104,739
Index Linked Government Bonds .....	57,893	3.51	—	—	57,893
Municipal/Provincial Bonds .....	8,983	11.35	9,998	9.36	18,981
Non-government Backed C.M.O.s.....	281,241	2.09	—	—	281,241
Other Fixed Income .....	668	NA	101,620	NA	102,288
Other Liabilities .....	(3,000)	NA	—	—	(3,000)
Other Options .....	762	NA	—	—	762
Swap Liabilities .....	(9,742)	NA	—	—	(9,742)
Swaps.....	12,817	NA	—	—	12,817
Treasury Inflation Protected Securities .....	—	NA	25,417	4.99	25,417
Treasury Notes.....	—	NA	278,681	4.77	278,681
Whole loan C.M.O.s.....	—	NA	14,966	—	14,966
Total Debt Securities Investments, Domestic.....	<u>\$ 3,738,145</u>	4.66	<u>\$ 1,351,865</u>	3.06	<u>\$ 5,090,010</u>

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments, International**  
**At December 31, 2009**  
(Expressed in Thousands)

Investment	Defined Benefit Plans	
	Fair Value	Effective Weighted Duration
Asset backed securities.....	\$ 3,302	1.59
Corporate Bonds.....	268,559	5.04
Fixed Income Derivative – Futures .....	—	NA
Fixed Income Futures.....	—	NA
Government Agencies .....	60,830	3.28
Government Bonds.....	399,449	5.58
Index Linked Government Bonds .....	2,293	5.89
Municipal/Provincial Bonds.....	46,746	3.75
Non-government Backed C.M.O.s .....	781	NA
Unit trust bonds.....	757	NA
Total Debt Securities Investments, International .....	<u>\$ 782,717</u>	5.09

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2010, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

**Primary Government Rated Debt Investments**  
(except pension and other employee benefit trust funds)  
(Expressed in Thousands)

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies .....	\$ 94,129	\$ 90,991	\$ 2,306	\$ —	\$ —
Corporate Debt .....	\$ 7,494,988	\$ 45,903	\$ 816,659	\$ 5,688,808	\$ 943,618
Negotiable Certificates of Deposit .....	\$ 25,282	\$ —	\$ 25,020	\$ —	\$ —
Money Market Mutual Fund .....	\$ 1,625,000	\$ 205,000	\$ —	\$ —	\$ —
Commercial Paper .....	\$ 721,579	\$ —	\$ —	\$ —	\$ —
Bond Mutual Fund .....	\$ 1,032,340	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries .....	\$ 1,731	\$ —	\$ —	\$ —	\$ —
U.S. Agencies .....	\$ 3,241	\$ 3,241	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	<u>Quality Ratings</u>	
	<u>A1 *</u>	<u>Unrated</u>
U.S. Agencies .....	\$ —	\$ 832
Corporate Debt .....	\$ —	\$ —
Negotiable Certificates of Deposit .....	\$ —	\$ 262
Money Market Mutual Fund .....	\$ —	\$ 1,420,000
Commercial Paper .....	\$ 721,579	\$ —
Bond Mutual Fund .....	\$ —	\$ 1,032,340
Repurchase Agreements – Underlying:		
U.S. Treasuries .....	\$ —	\$ 1,731
U.S. Agencies .....	\$ —	\$ —

\* A1 is Commercial Paper rating

The URS expects its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar denominated bonds.
- Upon approval, the international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB– or Moody's index Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2009, is AAA and the fair value of below grade investments is \$218.215 million or 5.84 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2009, is AA+ and the fair value of below grade investments is \$ 18.601 million or 2.38 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2009:

(Table on next page.)



**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Debt Securities Investments at Fair Value**  
**At December 31, 2009**  
(Expressed in Thousands)

Quality Rating	Defined Benefit Plans			Defined Contribution Plans	Total All Systems
	Domestic	International	Total	Domestic	and Plans
AAA .....	\$ 1,186,873	\$ 313,502	\$ 1,500,375	\$ 86,366	\$ 1,586,741
AA+ .....	96,175	17,929	114,104	1,416	115,520
AA .....	25,679	81,363	107,042	29,562	136,604
AA- .....	68,529	58,044	126,573	9,693	136,266
A+ .....	78,800	72,056	150,856	93,795	244,651
A .....	238,398	59,219	297,617	32,528	330,145
A- .....	93,257	43,779	137,036	28,516	165,552
BBB+ .....	104,805	47,932	152,737	94,750	247,487
BBB .....	76,055	43,199	119,254	28,105	147,359
BBB- .....	81,151	27,093	108,244	36,019	144,263
BB+ .....	20,417	1,703	22,120	—	22,120
BB .....	17,130	6,754	23,884	9,974	33,858
BB- .....	12,376	—	12,376	5,635	18,011
B+ .....	7,645	—	7,645	—	7,645
B .....	12,813	1,358	14,171	10,467	24,638
B- .....	41,975	3,382	45,357	25,264	70,621
CCC+ .....	131	—	131	—	131
CCC .....	40,401	—	40,401	—	40,401
CCC- .....	—	1,213	1,213	—	1,213
CC .....	15,275	—	15,275	—	15,275
C .....	—	547	547	—	547
D .....	1,523	—	1,523	—	1,523
NR .....	48,528	3,644	52,172	25,528	77,700
Total credit risk debt securities .....	2,267,936	782,717	3,050,653	517,618	3,568,271
U.S. Government and Agencies .....	1,337,579	—	1,337,579	834,247	2,171,826
Pooled investments .....	132,630	—	132,630	—	132,630
Total debt securities investments .....	\$ 3,738,145	\$ 782,717	\$ 4,520,862	\$ 1,351,865	\$ 5,872,727

#### Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2010, except those of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), were held by the State or in the State's name by the State's custodial banks; except \$4.972 million of repurchase agreements where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the State.

At December 31, 2009, the URS investments were registered in the name of URS and held by their custodians; however, there is \$12.62 million frictional cash and cash equivalents subject to custodial risk in foreign banks held in URS' name, but because it is in foreign banks it is subject to custodial risk. URS does not have an

investment policy regarding custodial credit risk for frictional cash in foreign banks. URS also has \$4 thousand of investments for which exposure to custodial credit risk could not be determined.

#### Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), the primary government's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous

operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2010, with more than 5 percent of the total investments in a single issuer.

The Utah Retirement Systems debt securities investments had no single issuer investments at December 31, 2009, that exceed their diversified portfolio by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA-/Aa3 Debt Securities or higher — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A-/A3 Debt Securities or higher — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB-/Baa3 Debt Securities or higher — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

#### Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, except the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has \$224.477 million and the Trust Lands (permanent fund) has \$198.598 million invested in international equity funds. As such, no currency denomination is presented.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds), expect the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment manager's contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS exposure to foreign currency risk is shown below.

*(Table on next page.)*



**Utah Retirement Systems**  
 (pension and other employee benefit trust funds)  
**Foreign Currency Risk**  
**International Investment Securities at Fair Value**  
**At December 31, 2009**  
*(Expressed in Thousands)*

Currency	Defined Benefit Plans				Defined Contribution Plans	Total All Systems
	Short-term	Debt	Equity	Total	Equity	and Plans
American Depository Receipts (ADR) US dollar...	\$ —	\$ 8,383	\$ 897,067	\$ 905,450	\$ —	\$ 905,450
Argentine peso .....	2	—	131	133	—	133
Australian dollar .....	205	39,313	65,588	105,106	12,893	117,999
Brazilian real .....	—	12,713	13,155	25,868	—	25,868
British pound sterling .....	872	91,047	327,309	419,228	32,440	451,668
Canadian dollar .....	1,763	57,681	71,246	130,690	6,685	137,375
Cayman Islands dollar .....	—	606	—	606	—	606
Chilean peso .....	—	1,310	—	1,310	—	1,310
Chinese yuan renminbi .....	—	—	23,475	23,475	—	23,475
Croatian kuna .....	—	5,601	—	5,601	—	5,601
Czech koruna .....	—	—	123	123	—	123
Danish krone .....	54	24,212	5,666	29,932	636	30,568
Euro .....	6,717	297,172	545,895	849,784	63,442	913,226
Hong Kong dollar .....	64	—	53,483	53,547	6,291	59,838
Icelandic krona .....	—	1,497	—	1,497	—	1,497
Indian rupee .....	—	—	5,525	5,525	—	5,525
Japanese yen .....	159	48,553	382,692	431,404	39,619	471,023
Korean won .....	—	17,619	17,364	34,983	—	34,983
Malaysian ringgit .....	—	15,283	6,640	21,923	—	21,923
Mexican peso .....	—	26,141	—	26,141	—	26,141
Netherlands antillean gulden .....	—	—	7,363	7,363	—	7,363
New Zealand dollar .....	66	3,499	149	3,714	65	3,779
Norwegian krone .....	90	22,491	8,479	31,060	1,499	32,559
Panamanian balboa .....	—	1,703	5,317	7,020	—	7,020
Philippines peso .....	—	—	1,804	1,804	—	1,804
Polish zloty .....	—	27,913	—	27,913	—	27,913
Puerto Rico – US dollar .....	—	—	4,908	4,908	—	4,908
Qatari riyal .....	—	15,953	—	15,953	—	15,953
Russian Federation ruble .....	—	14,590	1,462	16,052	—	16,052
Singapore dollar .....	69	11,681	11,462	23,212	1,414	24,626
Swedish krona .....	76	15,236	18,589	33,901	3,971	37,872
Swiss franc .....	564	17,034	140,179	157,777	16,096	173,873
Taiwanese new dollar .....	1,892	—	6,900	8,792	—	8,792
Thai baht .....	—	2,596	1,250	3,846	—	3,846
Tunisian dinar .....	—	735	—	735	—	735
Turkish lira .....	—	—	5,915	5,915	—	5,915
United Arab Emirates dirham .....	—	2,155	2,123	4,278	—	4,278
Pooled International Investments .....	—	—	—	—	126,592	126,592
Total Securities Subject to Foreign Currency Risk .....	<u>\$ 12,593</u>	<u>\$ 782,717</u>	<u>\$ 2,631,259</u>	<u>\$ 3,426,569</u>	<u>\$ 311,643</u>	<u>\$ 3,738,212</u>

**B. Component Units****Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the component unit's deposits may not be recovered.

The component units follow the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the component units at June 30, 2010, were \$268.279 million. Of these, \$243.982 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

The component units follow the applicable investing criteria described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according

to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the Entity to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The component units' debt investments at June 30, 2010, are presented below.

**Component Units Debt Securities Investments**  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>					
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-20</u>	<u>More Than 20</u>
U.S. Treasuries .....	\$ 558,947	\$ 219,609	\$ 338,258	\$ 55	\$ 1,025	\$ —
Government National Mortgage Association .....	7	—	—	—	7	—
U.S. Agencies .....	790,811	334,213	113,606	79,588	202,397	61,007
Corporate Debt .....	229,535	140,046	32,442	50,515	5,791	741
Commercial Paper .....	22,762	22,762	—	—	—	—
Money Market Mutual Funds .....	401,734	401,734	—	—	—	—
Negotiable Certificates of Deposit .....	1,525	1,076	449	—	—	—
Municipal/Public Bonds .....	11,847	152	538	5,246	5,911	—
Repurchase Agreements .....	43,904	43,904	—	—	—	—
Guaranteed Investment Contracts .....	108,204	23,351	1,241	5,242	78,370	—
Bond Mutual Funds .....	252,525	142	52,101	177,195	23,087	—
Securities Lending Cash Collateral Pool .....	12,787	12,787	—	—	—	—
Utah Public Treasurer's Investment Fund .....	475,132	475,132	—	—	—	—
Total Debt Securities Investments	<u>\$ 2,909,720</u>	<u>\$ 1,674,908</u>	<u>\$ 538,635</u>	<u>\$ 317,841</u>	<u>\$ 316,588</u>	<u>\$ 61,748</u>

**Interest Rate Risk — Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units' policy for managing interest rate risk is the same as described above for the primary government.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units' debt investments as of June 30, 2010, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

## Component Units Rated Debt Investments

(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	BBB
U.S. Agencies.....	\$ 790,811	\$ 784,664	\$ —	\$ 6,147	\$ —
Corporate Debt.....	\$ 229,535	\$ —	\$ 35,675	\$ 125,877	\$ 45,353
Commercial Paper.....	\$ 22,762	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Funds .....	\$ 401,734	\$ 330,651	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit.....	\$ 1,525	\$ —	\$ —	\$ —	\$ —
Municipal/Public Bonds.....	\$ 11,847	\$ 9,009	\$ —	\$ 2,748	\$ —
Guaranteed Investment Contracts .....	\$ 108,204	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds .....	\$ 252,525	\$ —	\$ 1,668	\$ 1,017	\$ 307
Securities Lending Cash Collateral Pool.....	\$ 12,787	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurer's Investment Fund.....	\$ 475,132	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies.....	\$ 6,781	\$ 1,788	\$ —	\$ —	\$ —
Money Market Mutual Funds .....	\$ 37,123	\$ —	\$ —	\$ —	\$ —

Continues Below

Debt Investments	Quality Ratings			
	BB	B	A1 *	Unrated
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ —
Corporate Debt.....	\$ 3,457	\$ 1,327	\$ —	\$ 17,846
Commercial Paper.....	\$ —	\$ —	\$ 22,762	\$ —
Money Market Mutual Funds .....	\$ —	\$ —	\$ —	\$ 71,083
Negotiable Certificates of Deposit.....	\$ —	\$ —	\$ —	\$ 1,525
Municipal/Public Bonds.....	\$ —	\$ 90	\$ —	\$ —
Guaranteed Investment Contracts .....	\$ —	\$ —	\$ —	\$ 108,204
Bond Mutual Funds .....	\$ —	\$ 190	\$ —	\$ 249,343
Securities Lending Cash Collateral Pool.....	\$ —	\$ —	\$ —	\$ 12,787
Utah Public Treasurer's Investment Fund.....	\$ —	\$ —	\$ —	\$ 475,132
Repurchase Agreements – Underlying:				
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ 4,993
Money Market Mutual Funds .....	\$ —	\$ —	\$ —	\$ 37,123

\* A1 is Commercial Paper rating

## Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2010, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

## Counterparty

U.S. Treasuries .....	\$ 506,501
U.S. Agencies .....	\$ 432,746
Corporate Debt.....	\$ 3,823
Repurchase Agreements .....	\$ 11,620
Equity Securities – Domestic.....	\$ 5,177

## Counterparty's Trust Department or Agent

U.S. Treasuries .....	\$ 44,877
U.S. Agencies .....	\$ 85,712
Corporate Debt.....	\$ 92,183
Repurchase Agreements .....	\$ 32,284

## Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Utah Housing Corporation and Public Employees Health Program, the component units' policy for reducing this risk of loss is the same as described above for the primary government for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than five percent of the Corporation's investments are in the Federal National Mortgage Association, Government National Mortgage Association, CDC Guaranteed Investment Contracts, and Trinity. These investments are 12.94 percent, 14.24 percent, 5.45 percent and 5.37 percent, respectively, of the Corporation's total investments.

Public Employees Health Program's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to

investments in U.S. Government and Agency Securities. All investments are within policy limits.

Utah State University held more than 5 percent of total investments in securities of American Express, the Federal Home Loan Bank, the Federal National Mortgage Association, and Freddie Mac. These investments represent 5.9 percent, 22.7 percent, 14.5 percent, and 5.9 percent, respectively, of the University's total investments.

### Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The component units do not have a formal policy to limit foreign currency risk. Dixie State College of Utah—Foundation (nonmajor component unit) has \$1.334 million invested in international equities and, as such, no currency denomination is presented.

### C. Securities Lending

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) and the Public Employees Health Program (PEHP) (component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 103 percent and 102 percent of the market value of the domestic securities on loan (respectively for URS and PEHP) and 105 percent of the market value of the international securities on loan (URS only), with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$1.509 billion and \$12.483 million, respectively, and the collateral received for those securities on loan was \$1.556 billion and \$12.787 million, respectively. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

### D. Derivative Financial Instruments

#### Utah Retirement Systems

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivatives are considered investments and their fair value is reported in the Statement of Fiduciary Net Assets—Pension and Other Employee Benefit Trust Funds. By policy, portfolio liabilities associated with investments shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2009, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains or losses in the Statement of Changes in Fiduciary Net Assets. At December 31, 2009 and December 31, 2008, URS' investments had the following notional futures balances (expressed in thousands):

<b>Futures</b>	<b>2009 Notional Value</b>	<b>2008 Notional Value</b>
Cash and Cash Equivalent Derivative:		
Long.....	\$ 32,136	\$ 373,887
Short .....	(6,704)	(27,148)
Equity Derivatives:		
Long.....	363,221	446,893
Short .....	(189,853)	—
Fixed Income:		
Long.....	150,237	180,978
Short .....	(392,587)	(619,353)
Total Futures .....	<u>\$(43,550)</u>	<u>\$ 355,257</u>

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At December 31, 2009 and December 31, 2008, URS investments included the following currency forwards balances (expressed in thousands):

<b>Currency Forwards</b>	<b>2009 Fair Value</b>	<b>2008 Fair Value</b>
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans .....	\$ (2,862)	\$ 1,268
Defined Contribution Plans.....	(1)	—

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified

period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2009 and December 31, 2008, URS investments had the following options balances (expressed in thousands):

Options	2009 Notional Market Value	2008 Notional Market Value
Cash and Cash Equivalent:		
Call .....	\$ (333)	\$ (626)
Put .....	(209)	(11)
Equity:		
Call .....	(8)	—
Put .....	(271)	—
Fixed Income:		
Call .....	65	(1,276)
Put .....	—	(1,209)
Swaptions:		
Call .....	1,381	(3,667)
Put .....	(618)	(798)
Total Options .....	<u>\$ 7</u>	<u>\$ (7,587)</u>

URS has entered into various interest rate swap agreements in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those interest rate swaps allowed URS to effectively convert most of their long term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Assets. Swap market values are determined by an independent third party. At December 31, 2009 and December 31, 2008, URS investments had the swap market value balances as shown in the table below.

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Interest Rate Swaps**  
**December 31, 2009**  
(Expressed in Thousands)

	Outstanding Notional Amount*	URS Rate**	Counterparty Rate**	Maturity Date	2009 Fair Value	2008 Fair Value
<u>Real Estate Portfolio</u>						
<u>Interest Rate Swaps:</u>	\$ 1,137,699	4.057 % – 5.464 %	One Month LIBOR	2010–2021	\$ (100,104)	\$ (164,945)
<u>Fixed Income Portfolio</u>						
<u>Interest Rate Swaps:</u>	\$ 527,520	3.500 % – 5.067 %	Three Month LIBOR	2009–2019	\$ (8,667)	\$ (53,662)
	620,200	Three Month LIBOR	3.416 % – 5.503 %	2009–2027	11,743	60,743
Total Fixed Income						
Interest Rate Swaps	<u>\$ 1,147,720</u>				<u>\$ 3,076</u>	<u>\$ 7,081</u>

\* Base used to calculate interest

\*\* London Interbank Offered Rate (LIBOR)

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized at December 31, 2009, if all counterparties fail to perform as contracted is \$20.598 million. The maximum exposure is reduced by \$9.445 million in collateral

held and \$19.62 million of liabilities, resulting in no net exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are noted below. At December 31, 2009, the counterparties' credit ratings for currency forwards, swaptions, and swaps are subject to credit risk.

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Credit Risk Derivatives at Fair Value**  
**December 31, 2009**  
(Expressed in Thousands)

<b>Quality Rating</b>	<b>Forwards</b>	<b>Options</b>	<b>Swaps</b>	<b>Total</b>
AA	\$ (2,574)	\$ —	\$ (12,863)	\$ (15,437)
AA–	2,485	—	—	2,485
A+	(2,178)	762	2,225	809
A	115	—	(86,389)	(86,274)
A–	(711)	—	—	(711)
Total	<u>\$ (2,863)</u>	<u>\$ 762</u>	<u>\$ (97,027)</u>	<u>\$ (99,128)</u>

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is

remote. The underlying investments are high credit quality averaging AA+ and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions with the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2009 is \$856.36 million and the market value is \$849.101 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Synthetic Guaranteed Investment Contracts Underlying Investments\***  
**December 31, 2009**  
(Expressed in Thousands)

	<b>1–5 Year Government Credit</b>		<b>Intermediate Government Credit</b>		<b>Total Underlying Investments</b>	
	<b>Fair Value</b>	<b>Market Value</b>	<b>Fair Value</b>	<b>Market Value</b>	<b>Fair Value</b>	<b>Market Value</b>
Asset Backed Securities .....	\$ 11,977	\$ 11,771	\$ 12,197	\$ 7,843	\$ 24,174	\$ 19,614
Agencies.....	197,548	194,142	58,585	129,365	256,133	323,507
Corporates .....	13,999	13,758	62,944	9,168	76,943	22,926
Mortgage Backed Securities.....	60,042	59,007	22,299	39,319	82,341	98,326
Treasuries .....	189,563	186,295	121,495	124,136	311,058	310,431
Commercial Mortgage Back Securities	31,836	31,287	21,015	20,848	52,851	52,135
Cash .....	13,533	13,300	39,327	8,862	52,860	22,162
Total .....	<u>\$ 518,498</u>	<u>\$ 509,560</u>	<u>\$ 337,862</u>	<u>\$ 339,541</u>	<u>\$ 856,360</u>	<u>\$ 849,101</u>

\* New Investment Contracts – 2008 information not available

**Utah Retirement Systems**  
(pension and other employee benefit trust funds)  
**Wrap Contracts**  
**December 31, 2009**  
(Expressed in Thousands)

	<b>Fair Value</b>	<b>Market Value</b>	<b>Rate</b>	<b>Duration</b>	<b>Quality Ratings</b>
Issued Wrap Contracts.....	\$ 856,360	\$ 849,101	1.72% – 3.63%	2.60 – 3.67	AAA – A+
Repurchase.....	27,864	27,864	0.12%		
Total .....	<u>\$ 884,224</u>	<u>\$ 876,965</u>			



**Utah Housing Corporation**

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major component unit).

**Objective** — In order to protect against the potential of rising interest rates on its variable rate debt, the Corporation has entered into 76 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2010. Based on the assumption that the payments on the variable rate debt will be substantially offset by the receipts on the interest rate swaps, the net cost associated with the synthetic fixed rate structure over the life of the bonds will be less than what the Corporation would have paid had it issued fixed rate debt. The

Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information about each swap is included in the Corporation's separately issued financial statements.

**Terms, Fair Values, and Credit Risk** — The terms, including the fair values of the outstanding swaps as of June 30, 2010, are summarized below. The notional amounts of the swaps matched the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

**Utah Housing Corporation**  
**Interest Rate Swap Agreements**  
**June 30, 2010**  
*(Expressed in Thousands)*

<b>Outstanding Notional Amount</b>	<b>Effective Dates</b>	<b>Fixed Rate Paid by the Corporation</b>	<b>Variable Rate Received from Counterparty</b>	<b>Fair Values</b>	<b>Swap Termination Dates</b>
\$ 519,005	2008	3.920 % to 5.610 %	SIFMA* plus .27 %	\$ (68,851)	2021 – 2030
124,000	2008	3.730 % to 4.253 %	SIFMA* plus .11 %	(15,952)	2026 – 2030
37,450	2008	3.713 % to 4.000 %	SIFMA* plus .08 %	(3,592)	2028 – 2032
14,000	2008	3.299 % to 3.299 %	SIFMA*	(979)	2023
30,800	2008	4.640 % to 7.760 %	LIBOR** plus .15 %	(3,407)	2010 – 2020
25,610	2008	5.301 % to 5.545 %	LIBOR** plus .01 %	(2,333)	2038
<u>\$ 750,865</u>				<u>\$ (95,114)</u>	

\* Securities Industry and Financial Markets Association

\*\* London Interbank Offered Rate

**Fair Values** — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. Changes in the fair value of a hedging derivative (such as the Corporation's pay-fixed, receive-variable interest rate swap contracts) are reported as either deferred inflows or deferred outflow of resources in the balance sheet as long as the hedge is deemed effective. Management has recorded a deferred outflow of resources in non-current assets, and derivative instrument swap liability in non-current liabilities in the amount of \$95.1 million as of June 30, 2010, compared to \$73.8 million in the prior year, resulting in an overall decrease in the change in fair value of \$21.3 million.

**Credit Risk** — The Corporation executes derivative instruments interest rate swap transactions with two counterparties, Barclays Bank and Deutsche Bank. The credit ratings for each of the counterparties is Aa3/AA-. The Corporation's swap contracts do not require it to post collateral at anytime. The Corporation believes that the high credit rating by both parties will mitigate most credit risk associated with the derivatives' fair value. During the year ended June 30, 2009, the Corporation received a net gain of \$8.903 million in connection with the replacement of their swaps. This net gain is

represented in the financial statements as deferred revenue and is being amortized over the life of the swap agreements. The ability to acquire replacement swaps demonstrates a strong mitigating factor associated with credit and fair value risks.

**Basis Risk** — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. At June 30, 2010, the weighted average interest rate on Corporation's variable-rate hedged debt is 0.28 percent, while the SIFMA swap index is 0.25 percent and the month LIBOR is 0.35 percent. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Tax/Cross-over Risk.

**Tax / Cross-over Risk** — Forty-nine of the Corporation's SIFMA based swaps are exposed to additional basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 percent or 4 percent, the provider will pay the Corporation 68 percent of the LIBOR rate, rather than the SIFMA rate. Historically, on average, 68 percent of the LIBOR rate has been substantially the same as the Corporation's tax-exempt variable-rate bond coupon payments. However, this relationship has been subject to more basis risk than the relationship between SIFMA and the Corporations tax-exempt variable-rate bond payments.

**Termination Risk** — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, the Corporation has the option to terminate at any time at market rates (i.e., fair value adjusted for the counterparty's transaction costs).

**Rollover Risk** — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2010, the Corporation's swap termination dates ranged from 0 to 24.5 years prior to the maturity dates of the associated debt.

#### NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company

and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2010, are as follows:

**Public Treasurer's Investment Fund**  
**Statement of Net Assets**  
**June 30, 2010**  
*(Expressed in Thousands)*

<b>Assets</b>	
Cash and Cash Equivalents.....	\$ 2,015,907
Investments.....	7,942,667
Total Assets.....	<u>\$ 9,958,574</u>
<b>Net Assets Consist of:</b>	
External Participant Account Balances .....	\$ 6,324,043
Internal Participant Account Balances:	
Primary Government.....	3,151,077
Component Units .....	482,609
Unrealized Gains/Losses.....	845
Net Assets .....	<u>\$ 9,958,574</u>
Participant Account Balance Net Asset Valuation Factor.....	<u>1.00385638</u>

*(Notes continue on next page)*



**Public Treasurer's Investment Fund**  
**Statement of Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2010**  
*(Expressed in Thousands)*

<b>Additions</b>	
Pool Participant Deposits .....	\$ 11,362,162
Investment Income:	
Investment Earnings .....	114,250
Fair Value Increases (Decreases) .....	(12,425)
Total Investment Income .....	101,825
Less Administrative Expenses .....	(352)
Net Investment Income .....	101,473
Total Additions .....	11,463,635
<b>Deductions</b>	
Pool Participant Withdrawals .....	10,981,815
Earnings Distributions .....	104,247
Total Deductions .....	11,086,062
Net Increase/(Decrease) From Operations .....	377,573
<b>Net Assets</b>	
Beginning of Year .....	9,581,001
Net Assets – End of Year .....	\$ 9,958,574

**Public Treasurer's Investment Fund**  
**Portfolio Statistics**

**June 30, 2010**

	<b>Range of Yields</b>	<b>Weighted Average Maturity</b>
Money Market Mutual Fund .....	0.19 % – 0.60 %	1.00 days
Certificates of Deposit – Negotiable .....	0.45 % – 0.45 %	27.00 days
Certificates of Deposit – Nonnegotiable .....	0.60 % – 0.75 %	70.00 days
U.S. Agencies .....	0.50 % – 2.01 %	320.22 days
Corporate Bonds and Notes .....	0.25 % – 7.00 %	89.16 days
Commercial Paper .....	0.25 % – 0.75 %	33.54 days

**June 30, 2010**

	<b>Weighted Average Yield</b>	<b>Average Adjusted Maturity</b>
Total Investment Fund .....	0.83 %	72.61 days

**Deposits and Investments**

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

**Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2010, were \$2.001 million. Of those, \$1.5 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2010, are presented below.

**Public Treasurer's Investment Fund Investments**  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
<u>Debt Securities</u>			
U.S. Agencies .....	\$ 90,106	\$ 65,047	\$ 25,059
Corporate Bonds and Notes .....	7,477,783	7,477,783	—
Negotiable Certificates of Deposit .....	25,020	25,020	—
Money Market Mutual Fund .....	1,625,000	1,625,000	—
Commercial Paper .....	701,105	701,105	—
	<u>\$ 9,919,014</u>	<u>\$ 9,893,955</u>	<u>\$ 25,059</u>

The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

**Interest Rate Risk — Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money

Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2010, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

(Notes continue on next page)

**Public Treasurer's Investment Fund Rated Debt Investments***(Expressed in Thousands)*

<b><u>Rated Debt Investments</u></b>	<b>Fair Value</b>	<b>Quality Ratings</b>			
		<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>
U.S. Agencies.....	\$ 90,106	\$ 90,106	\$ —	\$ —	\$ —
Corporate Bonds and Notes .....	\$ 7,477,783	\$ 45,903	\$ 814,111	\$ 5,678,250	\$ 939,519
Negotiable Certificates of Deposit	\$ 25,020	\$ —	\$ 25,020	\$ —	\$ —
Money Market Mutual Fund .....	\$ 1,625,000	\$ 205,000	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 701,105	\$ —	\$ —	\$ —	\$ —

Continues Below

<b><u>Rated Debt Investments</u></b>	<b>Quality Ratings</b>	
	<b>A1 *</b>	<b>Not Rated</b>
U.S. Agencies.....	\$ —	\$ —
Corporate Bonds and Notes .....	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —
Money Market Mutual Fund .....	\$ —	\$ 1,420,000
Commercial Paper.....	\$ 701,105	\$ —

\* A1 is Commercial Paper rating

**Concentration of Credit Risk — Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total

dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2010, with more than 5 percent of the total investments in a single issuer.

*(Notes continue on next page.)*

**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2010, consisted of the following (in thousands):

	<b>Accounts Receivable</b>					<b>Notes/ Mortgages</b>
	<b>Federal</b>	<b>Customer</b>	<b>Other</b>	<b>Interest</b>	<b>Taxes</b>	
<b>Governmental Activities:</b>						
General Fund.....	\$ 317,471	\$ 228,687	\$ 15,361	\$ 31	\$ 199,255	\$ 2,512
Education Fund.....	129,285	5	10	—	558,771	8,856
Transportation Fund.....	56,057	14,163	1,469	—	58,879	445
Transportation Investment Fund.....	—	—	—	—	25,650	—
Trust Lands .....	—	—	10,539	1,065	—	15,323
Nonmajor Funds.....	511	7,954	—	66	—	—
Internal Service Funds.....	—	3,124	—	—	—	1,300
Adjustments:						
Fiduciary Funds.....	—	—	92	—	—	—
Total Receivables .....	<u>503,324</u>	<u>253,933</u>	<u>27,471</u>	<u>1,162</u>	<u>842,555</u>	<u>28,436</u>
Less Allowance for Uncollectibles:						
General Fund.....	—	(57,804)	—	—	(22,556)	(1,566)
Education Fund.....	—	—	—	—	(129,356)	—
Transportation Fund.....	—	—	(340)	—	(863)	—
Transportation Investment Fund.....	—	—	—	—	(3,679)	—
Receivables, net .....	<u>\$ 503,324</u>	<u>\$ 196,129</u>	<u>\$ 27,131</u>	<u>\$ 1,162</u>	<u>\$ 686,101</u>	<u>\$ 26,870</u>
Current Receivables .....	\$ 503,324	\$ 167,014	\$ 17,232	\$ 1,162	\$ 575,711	\$ 4,440
Noncurrent Receivables .....	—	29,115	9,899	—	110,390	22,430
Total Receivables, net .....	<u>\$ 503,324</u>	<u>\$ 196,129</u>	<u>\$ 27,131</u>	<u>\$ 1,162</u>	<u>\$ 686,101</u>	<u>\$ 26,870</u>
<b>Business-type Activities:</b>						
Student Assistance Programs .....	\$ 7,599	\$ 1,810	\$ —	\$ 31,068	\$ —	\$ 2,065,976
Unemployment Compensation.....	3,944	93,419	—	—	—	—
Water Loan Programs.....	396	150	—	13,039	1,823	672,287
Community Impact Loan Fund .....	—	—	—	3,378	—	344,275
Nonmajor Funds.....	47	16,631	—	2,234	—	131,718
Total Receivables .....	<u>11,986</u>	<u>112,010</u>	<u>0</u>	<u>49,719</u>	<u>1,823</u>	<u>3,214,256</u>
Less Allowance for Uncollectibles:						
Student Assistance Programs.....	—	—	—	—	—	(4,160)
Unemployment Compensation.....	—	(30,422)	—	—	—	—
Receivables, net .....	<u>\$ 11,986</u>	<u>\$ 81,588</u>	<u>\$ 0</u>	<u>\$ 49,719</u>	<u>\$ 1,823</u>	<u>\$ 3,210,096</u>

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due

from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2010, were \$1.861 billion for major component units and \$88.745 million for nonmajor component units, net of an allowance for doubtful accounts of \$176.616 million and \$6.145 million, respectively.

**NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of June 30, 2010, consisted of the following (in thousands):

	<b>Salaries/ Benefits</b>	<b>Service Providers</b>	<b>Vendors/ Other</b>	<b>Government</b>	<b>Tax Refunds</b>	<b>Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>							
General Fund .....	\$ 58,992	\$ 237,963	\$ 39,425	\$ 80,158	\$ 2,809	\$ —	\$ 419,347
Education Fund .....	2,795	1,772	11,135	106,443	21,813	—	143,958
Transportation Fund .....	6,427	296	102,061	47,283	353	—	156,420
Nonmajor Funds .....	105	—	37,828	292	—	54,204	92,429
Internal Service Funds .....	6,358	—	16,222	—	—	4	22,584
Adjustments:							
Fiduciary Funds .....	—	—	—	3,540	—	—	3,540
Other .....	—	—	—	—	—	1,532	1,532
Total Governmental Activities .....	<u>\$ 74,677</u>	<u>\$ 240,031</u>	<u>\$ 206,671</u>	<u>\$ 237,716</u>	<u>\$ 24,975</u>	<u>\$ 55,740</u>	<u>\$ 839,810</u>
<b>Business-type Activities:</b>							
Student Assistance Programs .....	\$ 2,005	\$ —	\$ 7,783	\$ 10,174	\$ —	\$ 2,415	\$ 22,377
Unemployment Compensation .....	—	1,603	—	8	—	—	1,611
Water Loan Programs .....	—	—	554	—	—	—	554
Nonmajor Funds .....	2,223	—	9,366	1	—	588	12,178
Adjustments:							
Fiduciary Funds .....	—	—	—	103	—	—	103
Total Business-type Activities .....	<u>\$ 4,228</u>	<u>\$ 1,603</u>	<u>\$ 17,703</u>	<u>\$ 10,286</u>	<u>\$ 0</u>	<u>\$ 3,003</u>	<u>\$ 36,823</u>

Accounts payable and accrued liability balances are an aggregation of amounts due to: (1) state employees for salaries/benefits; (2) service providers for childcare, job services and health services; (3) vendors and miscellaneous suppliers; (4) local and federal governments for services; (5) individuals and others as a result of tax overpayments; and (6) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

(Notes continue on next page.)

**NOTE 7. INTERFUND BALANCES AND LOANS****Interfund Balances**

Interfund balances at June 30, 2010, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund .....	\$ 159
Transportation Fund .....	1,142
Trust Lands Fund .....	23
Nonmajor Governmental Funds .....	2,098
Unemployment Compensation Fund .....	2,729
Water Loan Programs .....	675
Nonmajor Enterprise Funds .....	19,041
Internal Service Funds .....	2,466
Fiduciary Funds .....	64
Total due to General Fund from other funds .....	<u>\$ 28,397</u>
Due to Education Fund from:	
General Fund .....	\$ 390
Unemployment Compensation Fund .....	1,498
Fiduciary Funds .....	11
Total due to Education Fund from other funds .....	<u>\$ 1,899</u>
Due to Transportation Fund from:	
General Fund .....	\$ 247
Nonmajor Governmental Funds .....	1,151
Internal Service Funds .....	389
Total due to Transportation Fund from other funds .....	<u>\$ 1,787</u>
Due to Trust Lands Fund from Nonmajor Enterprise Funds .....	<u>\$ 7,919</u>
Due to Nonmajor Governmental Funds from:	
General Fund .....	\$ 1,349
Education Fund .....	63
Transportation Fund .....	1,289
Internal Service Funds .....	194
Fiduciary Funds .....	7
Total due to Nonmajor Governmental Funds from other funds .....	<u>\$ 2,902</u>
Due to Water Loan Programs from:	
General Fund .....	\$ 130
Trust Lands Fund .....	21
Nonmajor Governmental Funds .....	7,001
Total due to Water Loan Programs from other funds .....	<u>\$ 7,152</u>

Due to Nonmajor Enterprise Funds from:	
General Fund .....	\$ 91
Education Fund .....	21
Transportation Fund .....	57
Nonmajor Governmental Funds .....	35,831
Water Loan Programs .....	30
Internal Service Funds .....	12
Total due to Nonmajor Enterprise Funds from other funds .....	<u>\$ 36,042</u>
Due to Internal Service Funds from:	
General Fund .....	\$ 16,377
Education Fund .....	166
Transportation Fund .....	4,400
Nonmajor Governmental Funds .....	1,483
Nonmajor Enterprise Funds .....	320
Internal Service Funds .....	29
Fiduciary Funds .....	10
Total due to Internal Service Funds from other funds .....	<u>\$ 22,785</u>
Due to Fiduciary Funds from:	
General Fund .....	\$ 508
Education Fund .....	1
Trust Lands Fund .....	122
Nonmajor Governmental Funds .....	2,909
Nonmajor Enterprise Funds .....	103
Total due to Fiduciary Funds from other funds .....	<u>\$ 3,643</u>
Total Due to/Due froms .....	<u>\$ 112,526</u>

These balances resulted from the time lags between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

**Interfund Loans**

At June 30, 2010, interfund loans receivable/payable balances consist of \$29.726 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$ 29.726 million includes \$ 2.861 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

**NOTE 8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets .....	\$ 1,088,212	\$ 272,229	\$ (6,123)	\$ 1,354,318
Infrastructure .....	9,406,853	699,906	(42,985)	10,063,774
Construction-In-Progress .....	793,112	1,286,497	(946,217)	1,133,392
Total Capital Assets Not Depreciated/Amortized .....	<u>11,288,177</u>	<u>2,258,632</u>	<u>(995,325)</u>	<u>12,551,484</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements .....	1,534,071	172,673	(539)	1,706,205
Infrastructure .....	48,849	8,642	—	57,491
Machinery and Equipment.....	455,611	36,728	(21,419)	470,920
Intangible Assets-Software .....	84,336	71,735	(7,306)	148,765
Total Capital Assets Depreciated/Amortized .....	<u>2,122,867</u>	<u>289,778</u>	<u>(29,264)</u>	<u>2,383,381</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements .....	(498,232)	(40,466)	309	(538,389)
Infrastructure .....	(11,843)	(6,094)	—	(17,937)
Machinery and Equipment.....	(307,467)	(30,673)	17,296	(320,844)
Intangible Assets-Software .....	(50,493)	(12,811)	7,306	(55,998)
Total Accumulated Depreciation/Amortization .....	<u>(868,035)</u>	<u>(90,044)</u>	<u>24,911</u>	<u>(933,168)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>1,254,832</u>	<u>199,734</u>	<u>(4,353)</u>	<u>1,450,213</u>
Capital Assets, Net.....	<u>\$12,543,009</u>	<u>\$2,458,366</u>	<u>\$ (999,678)</u>	<u>\$14,001,697</u>
<b>Business-type Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets .....	\$ 17,930	\$ 3,685	\$ (42)	\$ 21,573
Construction-In-Progress .....	2,120	4,127	(569)	5,678
Total Capital Assets Not Depreciated/Amortized .....	<u>20,050</u>	<u>7,812</u>	<u>(611)</u>	<u>27,251</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements .....	62,408	7,731	(809)	69,330
Infrastructure .....	304	—	—	304
Machinery and Equipment.....	14,799	233	(1,161)	13,871
Intangible Assets-Software .....	322	—	(93)	229
Total Capital Assets Depreciated/Amortized .....	<u>77,833</u>	<u>7,964</u>	<u>(2,063)</u>	<u>83,734</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements .....	(13,380)	(1,856)	384	(14,852)
Infrastructure .....	(73)	(7)	—	(80)
Machinery and Equipment .....	(12,130)	(517)	1,160	(11,487)
Intangible Assets-Software .....	(293)	(21)	93	(221)
Total Accumulated Depreciation/Amortization .....	<u>(25,876)</u>	<u>(2,401)</u>	<u>1,637</u>	<u>(26,640)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>51,957</u>	<u>5,563</u>	<u>(426)</u>	<u>57,094</u>
Capital Assets, Net.....	<u>\$ 72,007</u>	<u>\$ 13,375</u>	<u>\$ (1,037)</u>	<u>\$ 84,345</u>

In the beginning balance column above, *intangible assets – software*, governmental activities was increased by \$84.336 million, of which \$28.447 million is a beginning balance adjustment. This \$28.447 million adjustment is due to implementing GASB Statement 51, as described in Note 2.

The State implemented GASB Statement 51 which requires the separate reporting of intangible assets as a major class of capital asset for footnote disclosure. As a result, beginning balances related

to software, previously reported in *machinery and equipment* and accumulated *depreciation/amortization* of the governmental activities and business-type activities was reclassified and is now reported as part of beginning balances for *intangible assets – software* and *accumulated depreciation/amortization*.

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by

state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2010, \$50.889 million of buildings were completed for colleges and universities and \$6.436 million for other discrete component units.

On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government .....	\$ 16,168
Human Services and Youth Corrections .....	5,337
Corrections, Adult .....	5,978
Public Safety .....	5,461
Courts .....	6,123
Health and Environmental Quality .....	3,502
Employment and Family Services .....	8,201
Natural Resources .....	10,247
Community and Culture .....	386
Business, Labor, and Agriculture .....	1,014
Public Education .....	1,239
Transportation .....	8,709
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided .....	17,679
<b>Total .....</b>	<b>\$ 90,044</b>

#### Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
Capital Assets Not Depreciated/Amortized:						
Land and Related Assets .....	\$ 1,472	\$ —	\$ 19,620	\$ 24,028	\$ 93,058	\$ 138,178
Construction-In-Progress .....	—	—	333,598	42,796	10,446	386,840
<b>Total Capital Assets Not Depreciated/ Amortized .....</b>	<b>1,472</b>	<b>0</b>	<b>353,218</b>	<b>66,824</b>	<b>103,504</b>	<b>525,018</b>
Capital Assets Depreciated/Amortized:						
Building and Improvements .....	5,064	—	1,600,431	628,599	1,343,127	3,577,221
Infrastructure .....	—	—	187,978	—	24,064	212,042
Machinery and Equipment .....	1,897	1,647	890,343	204,876	194,330	1,293,093
<b>Total Capital Assets Depreciated/Amortized.</b>	<b>6,961</b>	<b>1,647</b>	<b>2,678,752</b>	<b>833,475</b>	<b>1,561,521</b>	<b>5,082,356</b>
Less Total Accumulated Depreciation/ Amortization .....	(2,164)	(1,354)	(1,350,479)	(374,159)	(602,774)	(2,330,930)
<b>Total Capital Assets Depreciated/ Amortized, Net .....</b>	<b>4,797</b>	<b>293</b>	<b>1,328,273</b>	<b>459,316</b>	<b>958,747</b>	<b>2,751,426</b>
Discretely Presented Component Units – Capital Assets, Net .....	\$ 6,269	\$ 293	\$ 1,681,491	\$ 526,140	\$1,062,251	\$ 3,276,444



The State had long-term construction project commitments totaling \$ 208.266 million at June 30, 2010. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

**Capital Projects Fund**  
**Construction Project Commitments**  
*(Expressed in Thousands)*

<b>Project</b>	<b>Description</b>	<b>Remaining Construction Commitment</b>
02243750	U of U – New Museum of Natural History	\$ 31,538
06272750	U of U – Eccles School of Business	28,847
06291750	U of U – USTAR Neuroscience & Biomedical Technology	22,796
09021240	OWATC – Health Technology Building	17,284
09029750	U of U – Neuropsychiatric Institute	12,682
08258750	U of U – Skaggs Pharmacy Research Building	10,619
07297730	SUU – Gibson Science Center Addition	9,824
06292700	USTAR/USU – Life Sciences Research	7,581
09191810	WSU – Residential Life Building	6,956
07039260	MATC – Utah County Building	6,482
07310770	USU – Agriculture Building	5,159
07260750	U of U – Nursing Building Renovation/Expansion	4,503
09024670	SLCC – RRC New Media Building	4,040
07258700	Snow – Library/Classroom Building	3,457
08273770	USU – Vernal Bingham Entrepreneurship	2,062
09218900	UDOT – Strawberry Maintenance Station	1,762
09240200	Rehab – Residential Apartments for the Blind	1,573
07146520	DWR – Springville Hatchery Water Treatment System	1,414
08008770	USU – Early Childhood Research Center	1,134
08231110	Corrections – CUCF 192 Bed Expansion	1,100
07049810	WSU – Heat Plant Boiler Replacement	1,086
—	All Others	26,367
	Total Commitments	<u><u>\$ 208,266</u></u>

(Notes continue on next page.)

**NOTE 9. LEASE COMMITMENTS**

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were \$2.790 million in principal and \$1.874 million in interest for fiscal year 2010. As of June 30, 2010, the historical cost of the primary government's assets acquired through capital leases was \$36.935 million of which

\$35.397 million was buildings and \$1.538 million was equipment and other depreciable assets. As of June 30, 2010, the accumulated depreciation of the primary government's assets acquired through capital leases was \$9.58 million of which \$8.605 million was buildings and \$975 thousand was equipment and other depreciable assets.

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2010 were \$30.561 million for the primary government and \$29.995 million for component units. For fiscal year 2009, the operating lease expenditures were \$33.941 million for the primary government and \$27.911 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2010, were as follows:

**Future Minimum Lease Commitments**  
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2011.....	\$ 21,672	\$ 28,559	\$ 50,231	\$ 3,030	\$ 19,459	\$ 22,489
2012.....	17,335	24,585	41,920	2,709	16,695	19,404
2013.....	13,746	24,879	38,625	2,664	13,251	15,915
2014.....	9,022	24,568	33,590	2,696	8,957	11,653
2015.....	5,191	24,848	30,039	2,727	6,263	8,990
2016–2020.....	8,566	95,897	104,463	12,301	10,373	22,674
2021–2025.....	1,331	79,311	80,642	9,916	5,231	15,147
2026–2030.....	11	68,123	68,134	2,096	336	2,432
2031–2035.....	10	1,523	1,533	—	—	—
2036–2040.....	10	875	885	—	—	—
2041–2045.....	10	875	885	—	—	—
2046–2050.....	10	700	710	—	—	—
2051–2055.....	10	—	10	—	—	—
2056–2060.....	5	—	5	—	—	—
Total Future Minimum Lease Payments	\$ 76,929	\$ 374,743	\$ 451,672	38,139	80,565	118,704
Less Amounts Representing Interest .....				(10,597)	(10,603)	(21,200)
Present Value of Future Minimum Lease Payments .....	\$ 27,542			\$ 27,542	\$ 69,962	\$ 97,504

**NOTE 10. LONG-TERM LIABILITIES****A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	<b>Long-term Liabilities</b> (Expressed in Thousands)				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
General Obligation Bonds .....	\$ 1,492,620	\$ 982,170	\$ (175,490)	\$ 2,299,300	\$ 209,060
State Building Ownership Authority					
Lease Revenue Bonds.....	148,654	101,595	(13,620)	236,629	14,371
Net Unamortized Premiums.....	80,962	65,853	(27,121)	119,694	—
Deferred Amounts on Refunding.....	(10,151)	—	3,071	(7,080)	—
Capital Leases (Note 9).....	19,210	11,122	(2,790)	27,542	1,843
Contracts/Notes Payable.....	512	—	(28)	484	18
Compensated Absences (Note 1) *.....	162,689	76,420	(76,989)	162,120	77,352
Claims.....	43,650	11,321	(13,074)	41,897	17,038
Pollution Remediation Obligation **.....	7,687	59	(56)	7,690	702
Net OPEB Obligation (Note 17).....	3,918	2,118	(343)	5,693	—
Settlement Obligations ***.....	—	39,422	—	39,422	7,422
Total Governmental Long-term Liabilities .....	<u>\$ 1,949,751</u>	<u>\$ 1,290,080</u>	<u>\$ (306,440)</u>	<u>\$ 2,933,391</u>	<u>\$ 327,806</u>
<b>Business-type Activities</b>					
Student Assistance Revenue Bonds .....	\$ 2,235,322	\$ 158,000	\$ (1,004,400)	\$ 1,388,922	\$ 510
State Building Ownership Authority					
Lease Revenue Bonds.....	73,676	25,160	(2,360)	96,476	3,309
Water Loan Recapitalization Revenue Bonds.....	—	65,800	—	65,800	—
Net Unamortized Premiums.....	1,491	3,035	(433)	4,093	—
Deferred Amounts on Refunding.....	(267)	—	46	(221)	—
Contracts/Notes Payable.....	297,381	1,351,007	(837,034)	811,354	66,305
Claims and Uninsured Liabilities.....	14,941	878,298	(874,134)	19,105	15,808
Arbitrage Liability (Note 1).....	57,782	133	(7,701)	50,214	1,050
Total Business-type Long-term Liabilities.....	<u>\$ 2,680,326</u>	<u>\$ 2,481,433</u>	<u>\$ (2,726,016)</u>	<u>\$ 2,435,743</u>	<u>\$ 86,982</u>
<b>Component Units</b>					
Revenue Bonds .....	\$ 2,188,350	\$ 764,872	\$ (628,851)	\$ 2,324,371	\$ 200,352
Net Unamortized Premiums/(Discounts).....	2,440	522	(189)	2,773	(34)
Capital Leases/Contracts Payable (Notes 9 and 10)	69,958	21,606	(15,198)	76,366	18,297
Notes Payable .....	45,179	4,853	(7,778)	42,254	3,604
Claims.....	121,957	582,399	(578,923)	125,433	77,296
Leave/Termination Benefits (Note 1).....	118,870	69,320	(75,423)	112,767	34,465
Total Component Unit Long-term Liabilities.....	<u>\$ 2,546,754</u>	<u>\$ 1,443,572</u>	<u>\$ (1,306,362)</u>	<u>\$ 2,683,964</u>	<u>\$ 333,980</u>

\* Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

\*\* Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are seven sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

\*\*\* A Final Settlement Agreement was entered into and under the terms of the settlement, the State agreed to pay \$26 million to the Utah Navajo Royalties Holding Fund (private purpose trust fund) plus \$7 million in court and legal fees. See Note 19 for additional information. The State settled additional claims totaling \$6.422 million that still need approval by the Governor, and approval and funding by the Legislature.

**B. General Obligation Bonds**

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2010, the State had \$102.775 million, \$42.5 million, and \$2.144 billion of

authorized but unissued general obligation building, State land acquisition, and highway bond authorizations remaining, respectively.

During fiscal year 2010, the State issued \$490.410 million Series 2009 C and \$491.760 million Series 2009 D general obligation bonds. The proceeds were used to provide funds for certain highway projects and various other construction projects.

General obligation bonds payable information is presented below:

**General Obligation Bonds Payable**  
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2010
2002 A Highway/Capital Facility Issue.....	06/27/02	2003–2011	3.00 % to 5.25 %	\$ 281,200	\$ 12,325
2002 B Refunding Issue.....	07/31/02	2004–2012	3.00 % to 5.38 %	\$ 253,100	170,290
2003 A Highway/Capital Facility Issue.....	06/26/03	2005–2013	2.00 % to 5.00 %	\$ 407,405	173,000
2004 A Refunding Issue.....	03/02/04	2010–2016	4.00 % to 5.00 %	\$ 314,775	314,775
2004 B Highway/Capital Facility Issue.....	07/01/04	2005–2019	4.75 % to 5.00 %	\$ 140,635	90,480
2007 Highway/Capital Facility Issue.....	07/03/07	2008–2014	4.00 % to 5.00 %	\$ 75,000	57,450
2009 A Highway Issue.....	03/17/09	2010–2023	2.00 % to 5.00 %	\$ 394,360	394,360
2009 B Capital Facility Issue.....	05/19/09	2010–2015	4.00 %	\$ 104,450	104,450
2009 C Highway/Capital Facility Issue.....	09/29/09	2011–2018	2.00 % to 5.00 %	\$ 490,410	490,410
2009 D Highway Issue.....	09/29/09	2019, 2024	4.15 %, 4.55 %	\$ 491,760	491,760
Total General Obligation					
Bonds Outstanding.....					2,299,300
Plus Unamortized Bond Premium.....					117,095
Less Deferred Amount on Refunding.....					(6,456)
Total General Obligation					
Bonds Payable.....					<u>\$ 2,409,939</u>

(Notes continue on next page.)

**General Obligation Bond Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

<b>Principal</b>							
<b>Fiscal Year</b>	<b>2002A Highway/ Capital Facility</b>	<b>2002 B Refunding Bonds</b>	<b>2003 A Highway/ Capital Facility</b>	<b>2004 A Refunding Bonds</b>	<b>2004 B Highway/ Capital Facility</b>	<b>2007 Highway/ Capital Facility</b>	<b>2009A Highway Bonds</b>
2011 .....	\$ 6,000	\$ 53,670	\$ 50,025	\$ 39,310	\$ 25,755	\$ 10,185	\$ 23,665
2012 .....	6,325	56,705	15,100	40,830	30,600	15,030	23,680
2013 .....	—	59,915	52,575	11,245	3,575	10,300	23,680
2014 .....	—	—	55,300	18,480	3,750	10,720	23,680
2015 .....	—	—	—	73,595	3,950	11,215	23,680
2016–2020 .....	—	—	—	131,315	22,850	—	126,325
2021–2025 .....	—	—	—	—	—	—	149,650
Total .....	<u>\$ 12,325</u>	<u>\$ 170,290</u>	<u>\$ 173,000</u>	<u>\$ 314,775</u>	<u>\$ 90,480</u>	<u>\$ 57,450</u>	<u>\$ 394,360</u>

Continues Below

<b>Principal</b>						
<b>Fiscal Year</b>	<b>2009B Capital Facility Bonds</b>	<b>2009C Highway/ Capital Bonds</b>	<b>2009D Highway Bonds</b>	<b>Total Principal Required</b>	<b>Total Interest Required</b>	<b>Total Amount Required</b>
2011 .....	\$ 450	\$ —	\$ —	\$ 209,060	\$ 96,596	\$ 305,656
2012 .....	19,175	4,085	—	211,530	86,677	298,207
2013 .....	19,950	35,225	—	216,465	77,154	293,619
2014 .....	20,775	97,950	—	230,655	67,268	297,923
2015 .....	21,600	71,545	—	205,585	57,555	263,140
2016–2020 .....	22,500	281,605	74,145	658,740	181,876	840,616
2021–2025 .....	—	—	417,615	567,265	50,913	618,178
Total .....	<u>\$ 104,450</u>	<u>\$ 490,410</u>	<u>\$ 491,760</u>	<u>\$2,299,300</u>	<u>\$ 618,039</u>	<u>\$2,917,339</u>

**C. Revenue Bonds**

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the State's Water Loan Programs, the Utah Housing Corporation, and various colleges and universities. These bonds are not considered general obligations of the State.

**Governmental Activities**

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2010 are reported as a long-term liability of the governmental activities, except for \$96.254 million and \$2.236 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

**Business-type Activities**

The Utah State Board of Regents Student Loan Purchase Program (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include \$377.512 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of \$494.05 million and \$508.825 million of bonds that are auctioned every 35 days.

The Student Assistance Programs bonds issued under the 1988 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of: Student loans acquired under the indenture; all proceeds of the bonds and net revenues in the funds and accounts; and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$339.512 million

of outstanding student loan revenue bonds which are payable through 2039. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$160.87 million and \$9.283 million, respectively.

The Student Assistance Program's bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$932.875 million of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$599.812 million and \$17.665 million, respectively.

The Student Assistance Program's bonds issued under the 2010 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$108 million of outstanding student loan revenue bonds which are payable through 2048. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$50.275 million and \$403.488 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving

water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is \$85.103 million. For the current year principal and interest paid and total repayments from pledged revenues were \$862 thousand and \$2.304 million, respectively. Of the bonds payable outstanding at June 30, 2010, \$67.624 million are reported in the Water Loan Program Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

### Discrete Component Units

The Utah Housing Corporation revenue bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. Bonds repayments are made from the pledged mortgage payments.

The University of Utah, Utah State University and nonmajor component units issued revenue bonds for various capital purposes including student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2010, is presented below.

### Pledged Revenue — Component Units (Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged*.....	D	A, B, C	A, B	A
Amount of Pledged Revenue .....	\$3,037,862	\$561,672	\$147,628	\$113,088
Term of Commitment .....	Thru 2051	Thru 2032	Thru 2035	Thru 2033
Percent of Revenue Pledged.....	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue .....	\$ 95,937	\$142,497	\$ 31,362	\$ 15,299
Current Year Principal and Interest Paid .....	\$ 647,511	\$ 27,572	\$ 8,139	\$ 9,586

\*Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

D = Principal and interest repayments from issuing and servicing mortgage loans on single and multi-family housing.

**Revenue Bonds Payable — Primary Government**  
(Expressed in Thousands)

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2010</b>
<b>Governmental Activities</b>					
<b>SBOA Lease Revenue Bonds:</b>					
Series 1992 A.....	07/15/92	1993–2011	5.30 % to 5.75 %	\$ 26,200	\$ 4,245
Series 1992 B.....	07/15/92	1994–2011	4.00 % to 6.00 %	\$ 1,380	230
Series 1993 A.....	12/01/93	1995–2013	4.50 % to 5.25 %	\$ 6,230	1,410
Series 1998 C.....	08/15/98	2000–2019	3.80 % to 5.50 %	\$ 101,557	69,835
Series 2001 A.....	11/21/01	2005–2021	4.00 % to 5.00 %	\$ 69,850	5,350
Series 2001 B.....	11/21/01	2002–2024	3.00 % to 5.75 %	\$ 14,240	11,100
Series 2003 .....	12/30/03	2005–2025	2.00 % to 5.00 %	\$ 20,820	15,110
Series 2004 A.....	10/26/04	2005–2027	3.00 % to 5.25 %	\$ 32,458	27,754
Series 2009 D.....	09/09/09	2014–2017	5.00 %	\$ 12,125	12,125
Series 2009 E.....	09/09/09	2018–2030	4.62 % to 5.77 %	\$ 89,470	89,470
Total Lease Revenue Bonds Outstanding .					236,629
Plus Unamortized Bond Premium .....					2,599
Less Deferred Amount on Refunding .....					(624)
Total Lease Revenue Bonds Payable ....					<u>\$ 238,604</u>

Continues Below

**Revenue Bonds Payable — Primary Government**  
(Expressed in Thousands)

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2010</b>
<b>Business-type Activities</b>					
<b>Student Assistance Programs:</b>					
1988 Trust Estate					
Student Loan Indentures .....	1988–2005	2005–2039	Variable	\$ 360,580	\$ 339,512
1993 Trust Estate					
Student Loan Indentures .....	1993–2006	2009–2046	Variable	\$1,503,375	932,875
2010 Trust Estate					
Student Loan Indentures .....	2010	2010–2048	Variable	\$ 158,000	108,000
Office Facility Bond Fund .....	2002, 2004	2003–2024	4.00 % to 5.25 %	\$ 11,780	8,535
Total Revenue Bonds Outstanding.....					1,388,922
Plus Unamortized Bond Premium .....					34
Total Revenue Bonds Payable .....					<u>\$ 1,388,956</u>
<b>SBOA Lease Revenue Bonds:</b>					
Series 1998 C.....	08/15/98	2000–2019	3.80 % to 5.50 %	\$ 3,543	\$ 2,630
Series 2001 B.....	11/21/01	2004–2023	3.25 % to 5.25 %	\$ 11,540	8,535
Series 2003 .....	12/30/03	2005–2025	2.00 % to 5.00 %	\$ 1,905	1,470
Series 2004 A.....	10/26/04	2005–2025	3.00 % to 5.25 %	\$ 13,347	11,126
Series 2006 A.....	01/10/06	2006–2027	3.50 % to 5.00 %	\$ 8,355	7,485
Series 2007 A.....	07/10/07	2009–2028	4.25 % to 5.00 %	\$ 15,380	14,565
Series 2009 A.....	03/25/09	2011–2030	3.00 % to 5.00 %	\$ 25,505	25,505
Series 2009 B.....	09/09/09	2012–2019	3.00 % to 5.00 %	\$ 8,455	8,445
Series 2009 C.....	09/09/09	2024, 2029	5.29 %, 5.77 %	\$ 16,715	16,715
Total Lease Revenue Bonds Outstanding .					96,476
Plus Unamortized Bond Premium .....					2,235
Less Deferred Amount on Refunding .....					(221)
Total Lease Revenue Bonds Payable .....					<u>\$ 98,490</u>

Continues Below

**Revenue Bonds Payable — Primary Government**  
*(Expressed in Thousands)*

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2010</b>
<b>Business-type Activities</b>					
<b>Water Loan Programs:</b>					
Series 2010 C Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2018–2022	4.19 % to 4.79 %	\$ 31,225	\$ 31,225
Series 2010 B Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2014–2017	2.25 % to 5.00 %	\$ 16,125	16,125
Series 2010 A Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2011–2014	1.15 % to 2.57 %	\$ 18,450	<u>18,450</u>
Total Recapitalization Revenue Bonds Outstanding.....					65,800
Plus Unamortized Bond Premium.....					<u>1,824</u>
Total Recapitalization Revenue Bonds Payable.....					<u>\$ 67,624</u>
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable.....					<u>\$ 1,793,674</u>

*(Notes continue on next page.)*



**Revenue Bond Issues — Primary Government**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

Fiscal Year	Principal							
	1988 Trust Estate Student Loan Indentures	1993 Trust Estate Student Loan Indentures	2010 Trust Estate Student Loan Indentures	Office Facility Bond Fund	1992 A Utah State Building Ownership Authority	1992 B Utah State Building Ownership Authority	1993 A Utah State Building Ownership Authority	1998 C Utah State Building Ownership Authority
2011 .....	\$ —	\$ —	\$ —	\$ 510	\$ 2,060	\$ 110	\$ 445	\$ 8,410
2012 .....	—	—	—	535	2,185	120	470	8,345
2013 .....	—	—	—	555	—	—	495	8,805
2014 .....	16,250	—	—	585	—	—	—	9,290
2015 .....	201,922	—	—	610	—	—	—	8,850
2016–2020 .....	16,340	—	—	3,530	—	—	—	28,765
2021–2025 .....	20,500	35,000	—	2,210	—	—	—	—
2026–2030 .....	—	40,000	—	—	—	—	—	—
2031–2035 .....	49,500	150,800	—	—	—	—	—	—
2036–2040 .....	35,000	251,350	—	—	—	—	—	—
2041–2045 .....	—	305,325	—	—	—	—	—	—
2046–2050 .....	—	150,400	108,000	—	—	—	—	—
Total .....	<u>\$ 339,512</u>	<u>\$ 932,875</u>	<u>\$ 108,000</u>	<u>\$ 8,535</u>	<u>\$ 4,245</u>	<u>\$ 230</u>	<u>\$ 1,410</u>	<u>\$ 72,465</u>

Continues Below

Fiscal Year	Principal							
	2001A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2004 A Utah State Building Ownership Authority	2006 A Utah State Building Ownership Authority	2007 A Utah State Building Ownership Authority	2009 A Utah State Building Ownership Authority	2009 B Utah State Building Ownership Authority
2011 .....	\$ —	\$ 1,090	\$ 1,325	\$ 2,550	\$ 315	\$ 545	\$ 830	\$ —
2012 .....	—	1,135	1,375	2,665	325	565	875	900
2013 .....	—	1,175	1,440	2,795	335	585	900	925
2014 .....	—	1,225	835	2,945	350	610	925	975
2015 .....	—	1,280	875	3,085	365	645	950	1,020
2016–2020 .....	5,350	7,370	4,905	13,675	2,055	3,650	5,375	4,625
2021–2025 .....	—	6,360	5,825	9,205	2,555	4,610	6,875	—
2026–2030 .....	—	—	—	1,960	1,185	3,355	8,775	—
2031–2035 .....	—	—	—	—	—	—	—	—
2036–2040 .....	—	—	—	—	—	—	—	—
2041–2045 .....	—	—	—	—	—	—	—	—
2046–2050 .....	—	—	—	—	—	—	—	—
Total .....	<u>\$ 5,350</u>	<u>\$ 19,635</u>	<u>\$ 16,580</u>	<u>\$ 38,880</u>	<u>\$ 7,485</u>	<u>\$ 14,565</u>	<u>\$ 25,505</u>	<u>\$ 8,445</u>

Continues Below

(Table continues on next page.)

Fiscal Year	Principal					
	2009 C Utah State Building Ownership Authority	2009 D Utah State Building Ownership Authority	2009 E Utah State Building Ownership Authority	2010 A Revolving Loan Recap Program	2010 B Revolving Loan Recap Program	2010 C Revolving Loan Recap Program
2011.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2012 .....	—	—	—	4,595	—	—
2013 .....	—	—	—	4,660	—	—
2014 .....	—	1,300	—	4,745	—	—
2015 .....	—	3,425	—	4,450	410	—
2016–2020 ....	1,305	7,400	9,305	—	15,715	11,660
2021–2025 ....	7,625	—	28,490	—	—	19,565
2026–2030 ....	7,785	—	51,675	—	—	—
2031–2035 ....	—	—	—	—	—	—
2036–2040 ....	—	—	—	—	—	—
2041–2045 ....	—	—	—	—	—	—
2046–2050 ....	—	—	—	—	—	—
Total .....	<u>\$ 16,715</u>	<u>\$ 12,125</u>	<u>\$ 89,470</u>	<u>\$ 18,450</u>	<u>\$ 16,125</u>	<u>\$ 31,225</u>

Continues Below

Fiscal Year	Total Principal Required	Interest Required	Total Amount Required
2011.....	\$ 18,190	\$ 35,580	\$ 53,770
2012 .....	24,090	34,612	58,702
2013 .....	22,670	33,624	56,294
2014 .....	40,035	32,158	72,193
2015 .....	227,887	28,233	256,120
2016–2020 ....	141,025	85,812	226,837
2021–2025 ....	148,820	57,354	206,174
2026–2030 ....	114,735	34,879	149,614
2031–2035 ....	200,300	21,241	221,541
2036–2040 ....	286,350	14,702	301,052
2041–2045 ....	305,325	8,816	314,141
2046–2050 ....	258,400	5,076	263,476
Total .....	<u>\$ 1,787,827</u>	<u>\$ 392,087</u>	<u>\$ 2,179,914</u>

(Notes continue on next page.)

**Revenue Bonds Payable — Component Units**  
(Expressed in Thousands)

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2010</b>
Utah Housing Corporation Issues .....	1994–2010	2011–2051	Variable and 0.60 % to 8.00 %	\$ 3,286,103	\$ 1,747,173
University of Utah Revenue Bonds .....	1987–2009	2014–2032	Variable and 2.00 % to 6.75 %	\$ 563,575	404,896
Utah State University Revenue Bonds .....	1999–2009	2014–2035	1.90 % to 5.25 %	\$ 119,800	94,597
Nonmajor Component Units Revenue Bonds .....	2001–2010	2010–2033	2.00 % to 6.00 %	\$ 107,830	77,705
Total Revenue Bonds Outstanding .....					<u>2,324,371</u>
Colleges and Universities Plus Unamortized Bond Premium .....					<u>2,773</u>
Total Revenue Bonds Payable .....					<u><u>\$ 2,327,144</u></u>

**Revenue Bond Issues — Component Units**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
(Expressed in Thousands)

<b>Fiscal Year</b>	<b>Principal</b>				<b>Total Principal Required</b>	<b>Interest Required</b>	<b>Total Amount Required</b>
	<b>Utah Housing Corporation</b>	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>			
2011 .....	\$ 174,098	\$ 17,139	\$ 3,765	\$ 5,350	\$ 200,352	\$ 96,170	\$ 296,522
2012 .....	20,527	15,809	4,552	5,575	46,463	95,230	141,693
2013 .....	21,989	17,626	4,710	4,275	48,600	93,277	141,877
2014 .....	23,611	18,454	4,892	4,445	51,402	91,202	142,604
2015 .....	24,439	18,884	5,040	4,640	53,003	88,963	141,966
2016–2020 .....	165,468	93,306	20,663	19,335	298,772	405,655	704,427
2021–2025 .....	242,445	97,435	17,665	15,000	372,545	326,616	699,161
2026–2030 .....	309,673	104,643	18,385	13,000	445,701	228,059	673,760
2031–2035 .....	376,830	21,600	14,925	6,085	419,440	118,949	538,389
2036–2040 .....	258,915	—	—	—	258,915	38,620	297,535
2041–2045 .....	66,639	—	—	—	66,639	8,477	75,116
2046–2050 .....	29,519	—	—	—	29,519	2,034	31,553
2051–2055 .....	33,020	—	—	—	33,020	33	33,053
Total .....	<u>\$ 1,747,173</u>	<u>\$ 404,896</u>	<u>\$ 94,597</u>	<u>\$ 77,705</u>	<u>\$ 2,324,371</u>	<u>\$ 1,593,285</u>	<u>\$ 3,917,656</u>

**D. Conduit Debt Obligations**

Of the Utah Housing Corporation (component unit) bonds outstanding, \$375.763 million were issued as multi-family purchase bonds. Of those bonds, \$343.963 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt. However, in accordance with the Corporation's accounting policies, the conduit debt is reported in the Corporation's financial statements.

In 1985, the State Board of Regents authorized the University of Utah (component unit) to issue Variable Rate Demand Industrial Development Bonds for the Salt Lake City Marriott University Park Hotel separate from the University. The bonds are payable solely from revenues of the hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. The outstanding balance of the bonds at June 30, 2010, is \$4.585 million.

The State Charter School Finance Authority (component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2010, is \$128.316 million in tax-exempt and \$410 thousand in taxable conduit debt.

**E. Demand Bonds**

- The Student Assistance Programs had \$269.512 million of demand bonds outstanding at June 30, 2010, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

The Student Assistance Programs have an irrevocable direct-pay letter of credit expiring November 15, 2011, in the amount of \$37.462 million to support the Series 1993 A bonds of \$35 million. In addition, the Student Assistance Programs have a standby bond purchase agreements of \$16.499 million expiring November 20, 2013 to support the Series 1988 C bonds of \$16.25 million, \$80.041 million expiring November 16, 2025 to support the Series 1995 L bonds of \$74.604 million, \$92.651 million expiring February 11, 2024 to support the Series 2005 W bonds of \$86.358 million, \$58.289 million expiring February 11, 2024 to support the 2005 Series X bonds of \$57.3 million.

Under the terms of the liquidity facility, the interest on the bonds held in the liquidity facility are paid at the Bank Rate which is defined as the greater of the Federal Funds Rate plus 0.5 percent per annum, or the Prime Rate. The Bank Rate on the bonds increases by 1.25 percent if the bonds remain in the liquidity facility for more than 90 days. The Bank Rate for the year ended June 30, 2010 ranged between 3.25 percent and 4.5

percent. The bonds are redeemable in semi-annual installments from available funds, provided that all of the unpaid principal amount of Bank Bonds shall be redeemed by the seventh anniversary of the Bank Purchase Date.

On April 5, 2010, the Student Assistance Programs issued \$158 million of variable rate Series 2010A student loan revenue bonds at par. The Student Assistance Programs used \$149.775 million of the proceeds to refund the variable rate 2008 Series A student loan revenue bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2.3 million. This difference reported as deferred bond issuance costs, will be amortized through the year 2048 using the straight line method. The Student Assistance Programs completed the refunding to manage its interest costs and to address the expiring liquidity facility on the Series 2008 A bonds. The variable rate refunding issue has no stated minimum rate and a maximum rate of 15 percent per annum. The range of potential savings from the refunding will vary depending on the actual interest costs incurred over the life of the Series 2010 A bonds. Based upon a minimum rate of 0 percent, the Student Assistance Programs would have no reduction in cash flow and no economic gain (i.e., the difference between the present values of the old debt and new debt service payments). At a maximum rate of 15 percent, the Student Assistance Programs could have a reduction in cash flow of \$71.6 million with an economic gain of \$14.4 million.

As of June 30, 2010, there were insufficient clearing bids on all of the Student Assistance Program's 1988 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index. The Maximum Auction Rate for the year ended June 30, 2010 ranged between 0 percent and 12.37 percent.

As of June 30, 2010, there were insufficient clearing bids on all of the Student Assistance Program's 1993 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index. The Maximum Auction Rate for the year ended June 30, 2010 ranged between 0 percent and 14.48 percent.

- The Utah Housing Corporation (component unit) had \$940.635 million of bonds outstanding at June 30, 2010, subject to purchase on the demand of the holder at a price

equal to principal plus accrued interest, on delivery to the remarketing agent.

In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) totaling \$844.015 million. These Agreements provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 40 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2010, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

- The University of Utah (component unit) Series 1997 A bonds in the amount of \$7.545 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. The standby bond purchase agreement is with J.P. Morgan Chase Bank and is valid through July 30, 2013. Through June 30, 2010, no funds have been drawn against the agreement. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 0.24 percent, which is the rate in effect as of June 30, 2010.

The University's Hospital Revenue Refunding Bonds Series 2008 in the amount of \$20.12 million currently bear interest at a weekly rate in accordance with the bond provisions. When a weekly rate is in effect, these bonds are also subject to purchase on the demand of the holder at a price equal to principal plus accrued interest. The University's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to this same amount plus accrued interest. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable letter of credit to pay the purchase price of the bonds delivered to it. This agreement is with Wells Fargo Bank, N.A. and is valid through December 1, 2011. No funds have been drawn against the letter of credit. The interest requirement for the bonds is calculated using an annualized interest rate of 0.33 percent which is the rate effective at June 30, 2010.

#### F. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2010, the total amount outstanding of defeased general obligation bonds was \$186.485 million. At June 30, 2010, the total amount outstanding of defeased revenue bonds was \$56.215 million.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in

irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2010, \$91.059 million of college and university bonds outstanding are considered defeased.

#### G. Contracts Payable

Component unit capital leases/contracts payable include \$6.403 million in life annuity contracts.

#### H. Notes Payable

In March 2009, the Student Assistance Programs began participating in the U.S. Department of Education (ED) Loan Participation Purchase Program, which was created under the "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227). The Loan Participation Purchase Program was created to assist lenders in obtaining financing for student loans during the 2008-2009 and 2009-2010 academic years. Under the Loan Participation Purchase Program, ED may purchase a 100 percent participation interest in student loans disbursed after May 1, 2009. ED advances to the lender a line of credit equal to the principal amount of the student loan. The pledged loans are serviced internally by the Loan Participation Purchase Program and administered by a custodian. The Loan Participation Purchase Program has pledged collections from \$85.894 million of participating loans to repay the line of credit from ED of \$66.305 million. Monthly interest cost on the line of credit is equal to the Commercial Paper rate plus 0.50 percent. Interest is payable monthly to ED.

On June 28, 2010, the Utah State Board of Regents Student Loan Purchase Program (Student Assistance Programs) entered into a long-term asset-backed commercial paper conduit funding note for the purpose of refunding certain outstanding student loan revenue bonds in the 1988 and 1993 Trust Estates. In accordance with the financing agreement, the Board has pledged cash, cash equivalents, student loan receivable principal, accrued interest, interest subsidy and special allowance. In accordance with the financing agreement, the Board pledged cash and student loan receivable principal and accrued interest totaling \$781.096 million at June 30, 2010. The Conduit Financing costs on the note are determined weekly by the Conduit lender and include all financing and other fees, costs and expenses of the Conduit lender. The yield on the Conduit in general means the greater of LIBOR plus 1 percent or a rate determined by the Secretary of the Treasury, considering the yield on obligations of the United States having a maturity equal to 90 days, plus .05 percent plus administrative costs of the Conduit. The weighted average cost of capital for the period ended June 30, 2010 was .65 percent, which included .36 percent of interest cost, .22 percent of liquidity fees and .07 percent of other administrative expenses resulting in a LIBOR plus 11 basis point financing cost.

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 19 years. They are secured by the related assets. Payment information on notes payable is presented below.

**Notes Payable Debt Service Requirements to Maturity**  
**Component Units**  
**For Fiscal Years Ending June 30**  
*(Expressed in Thousands)*

<b>Fiscal Year</b>	<b>Principal</b>			<b>Total Principal Required</b>	<b>Interest Required</b>	<b>Total Amount Required</b>
	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>			
2011 .....	\$ 949	\$ 1,776	\$ 879	\$ 3,604	\$ 2,090	\$ 5,694
2012 .....	803	1,741	4,294	6,838	1,926	8,764
2013 .....	860	1,823	649	3,332	1,554	4,886
2014 .....	922	1,636	267	2,825	1,401	4,226
2015 .....	990	1,605	263	2,858	1,247	4,105
2016–2020 .....	5,681	9,205	1,197	16,083	3,580	19,663
2021–2025 .....	395	4,796	1,135	6,326	544	6,870
2026–2030 .....	—	102	286	388	26	414
Total .....	<u>\$ 10,600</u>	<u>\$ 22,684</u>	<u>\$ 8,970</u>	<u>\$ 42,254</u>	<u>\$ 12,368</u>	<u>\$ 54,622</u>

**I. Debt Service Requirements for Derivatives**

**Swap Payments and Associated Debt** — As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into 76 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2010. Using rates as of June 30, 2010, debt

service requirements of the Corporation's outstanding variable-rate debt and net swap payments are presented below. As rates vary, variable-rate bond interest payments and net swap payments (receipts) will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 102 for Utah Housing Corporation.

**Utah Housing Corporation**  
**Swap Payments and Associated Debt**  
**For Fiscal Years Ending June 30**  
*(Expressed in Thousands)*

<b>Fiscal Year</b>	<b>Variable Rate Bonds</b>		<b>Interest Rate Swaps – Net</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>		
2011.....	\$ 15,245	\$ 2,078	\$ 31,945	\$ 49,268
2012 .....	1,415	2,035	31,890	35,340
2013 .....	1,575	2,031	31,816	35,422
2014 .....	2,335	2,026	31,725	36,086
2015 .....	3,280	2,020	31,599	36,899
2016–2020 .....	52,785	9,847	153,443	216,075
2021–2025 .....	104,075	8,769	135,617	248,461
2026–2030 .....	179,535	6,944	105,493	291,972
2031–2035 .....	240,600	3,940	56,772	301,312
2036–2040 .....	141,710	905	11,534	154,149
Total .....	<u>\$ 742,555</u>	<u>\$ 40,595</u>	<u>\$ 621,834</u>	<u>\$ 1,404,984</u>

**NOTE 11. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET ASSETS  
RESTRICTED BY ENABLING LEGISLATION****A. Governmental Fund Balances – Restricted, Committed  
and Assigned**

The State's fund balances represent: (1) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints

imposed by formal action of the Legislature; (3) **Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2010, follows:

**Governmental Fund Balances**  
(Expressed in Thousands)

	<b>Restricted Purposes</b>	<b>Committed Purposes</b>	<b>Assigned Purposes</b>
<b>General Fund:</b>			
Government Operations:			
Legislature .....	\$ —	\$ 5,489	\$ —
Governor .....	848	18,193	—
Elected Officials .....	396	20,433	—
Administrative Services.....	—	1,890	—
Revenue Assessments and Collections.....	—	10,349	—
Human Services .....	—	10,367	—
Corrections.....	—	10,329	—
Public Safety .....	11,196	40,212	—
Courts.....	—	11,759	—
Health.....	200	22,369	—
Environmental Quality .....	1	5,364	—
Higher Education .....	—	687	—
Employment and Family Services.....	—	6,319	—
Natural Resources .....	18,599	36,754	—
Community and Culture.....	16	3,106	—
Business, Labor, and Agriculture .....	11	27,937	—
Budget Reserve (Rainy Day) Account .....	—	105,030	—
Industrial Assistance .....	—	26,039	—
Postemployment and Other Liabilities .....	—	—	139,575
Fiscal Year 2011 Appropriations:			
Line Item Appropriations .....	—	—	83,388
Other Purposes .....	3,904	8,728	—
Total .....	<u>\$ 35,171</u>	<u>\$ 371,354</u>	<u>\$ 222,963</u>
<b>Education Fund:</b>			
Minimum School Program .....	\$ 43,084	\$ —	\$ —
State Office of Education .....	14,066	—	—
School Building Program .....	15,838	—	—
School Land Interest .....	27,193	—	—
Education Budget Reserve Account .....	104,753	—	—
Postemployment and Other Liabilities .....	181,417	—	—
Fiscal Year 2011 Appropriations:			
Line Item Appropriations .....	135,877	—	—
Other .....	876	—	—
Total .....	<u>\$ 523,104</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Transportation Fund:</b>			
Transportation – Construction/Maintenance .	\$ 76,160	\$ 33,660	\$ 918
Public Safety .....	12,935	—	—
Corridor Preservation .....	35,572	—	—
Aeronautical Programs .....	6,046	—	—
Postemployment and Other Liabilities .....	48,046	3,694	—
Total .....	<u>\$ 178,759</u>	<u>\$ 37,354</u>	<u>\$ 918</u>

Continues Below



**Governmental Fund Balances**  
(Expressed in Thousands)

	<b>Restricted Purposes</b>	<b>Committed Purposes</b>	<b>Assigned Purposes</b>
<b>Transportation Investment Fund:</b>			
Critical Highway Needs Program .....	\$ 223,767	\$ 79,720	\$ —
Transportation Investment Projects .....	213,736	—	—
Centennial Highway Program .....	—	49,981	—
Other Liabilities .....	—	19,346	—
Total .....	<u>\$ 437,503</u>	<u>\$ 149,047</u>	<u>\$ 0</u>
<b>Non-major Governmental Funds:</b>			
Capital Projects .....	\$ 151,837	\$ —	\$ 81,341
Debt Service .....	9,884	—	10,508
State Endowment Fund .....	—	106,727	—
Environmental Reclamation .....	19,940	2,403	—
Rural Development .....	—	39,420	—
Other Purposes .....	12,749	12,303	39
Total .....	<u>\$ 194,410</u>	<u>\$ 160,853</u>	<u>\$ 91,888</u>

#### B. Budget Stabilization Accounts

In accordance with Sections 63J-1-312 and 313 of the Utah Code, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can only be used to cover budget shortfalls when appropriated by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 6 percent and 7 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J-1-217 of the Utah Code requires

the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of \$105.030 million and \$104.753 million, respectively. For the fiscal year ended June 30, 2010, there were no transfers into the Rainy Day Fund or Education Reserve because neither the General Fund nor the Education Fund had any revenue surplus, as defined by law.

#### C. Net Assets Restricted by Enabling Legislation

The State's net assets restricted by enabling legislation represent resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Assets reports \$2.647 billion of restricted net assets, of which \$10.516 million is restricted by enabling legislation.

(Notes continue on next page.)



**NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE**

Funds reporting a deficit total net assets position at June 30, 2010, are (in thousands):

## Private Purpose Trust Funds:

Employers' Reinsurance .....	\$ (46,814)
Petroleum Storage Tank .....	\$ (18,239)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks.

The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future trust revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2010, are (in thousands):

## Internal Service Funds:

Technology Services.....	\$ (451)
General Services .....	\$ (1,058)
Fleet Operations .....	\$ (13,788)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

**NOTE 13. INTERFUND TRANSFERS**

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2010, are as follows (in thousands):

**Transfers In:****Governmental Funds**

	<b>General Fund</b>	<b>Education Fund</b>	<b>Transportation Fund</b>	<b>Transportation Investment Fund</b>	<b>Trust Lands Fund</b>	<b>Nonmajor Governmental Funds</b>
<b>Transfers Out:</b>						
General Fund .....	\$ —	\$ 6,164	\$ 52,898	\$ —	\$ 29	\$ 72,655
Education Fund.....	274,572	—	—	—	—	47,432
Transportation Fund.....	41,771	—	—	76,977	—	19,802
Transportation Investment Fund ..	—	—	63,000	—	—	176,479
Nonmajor Governmental Funds..	15,338	—	6	140	—	1,718
Unemployment Compensation....	224	—	—	—	—	—
Water Loan Programs.....	3,886	—	—	—	—	—
Nonmajor Enterprise Funds .....	61,362	2,500	—	—	12,082	—
Internal Service Funds .....	9	—	—	—	—	—
<b>Total Transfers In.....</b>	<b>\$ 397,162</b>	<b>\$ 8,664</b>	<b>\$ 115,904</b>	<b>\$ 77,117</b>	<b>\$ 12,111</b>	<b>\$ 318,086</b>

Continues Below

**Transfers In:**

	<b>Enterprise Funds</b>			
	<b>Water Loan Programs</b>	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total Transfers Out</b>
<b>Transfers Out:</b>				
General Fund.....	\$ 6,500	\$ 17,709	\$ 143	\$ 156,098
Education Fund.....	—	—	34	322,038
Transportation Fund.....	—	—	—	138,550
Transportation Investment Fund ..	—	—	—	239,479
Nonmajor Governmental Funds ..	—	—	—	17,202
Unemployment Compensation ....	—	—	—	224
Water Loan Programs.....	—	—	—	3,886
Nonmajor Enterprise Funds .....	—	—	—	75,944
Internal Service Funds .....	—	—	—	9
<b>Total Transfers In .....</b>	<b>\$ 6,500</b>	<b>\$ 17,709</b>	<b>\$ 177</b>	<b>\$ 953,430</b>

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from the General Fund to nonmajor enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2010, the Legislature authorized transfers of \$9 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$688.831 million to the Colleges and Universities. Payments to the Colleges and Universities are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

#### **NOTE 14. LITIGATION, CONTINGENCIES, AND COMMITMENTS**

##### **A. Litigation**

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to

take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.

- In addition to the items above, the State is contesting other legal actions totaling over \$52.7 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

##### **B. Contingencies**

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2010, will be available in December 2010.
- The Board of directors for the Utah Capital Investment Corporation (an independent quasi-public nonprofit corporation) has been authorized to issue and use up to \$300 million in contingent tax credit certificates to mobilize private investment and enhance the venture capital culture and infrastructure within the State. The certificates are structured so that no more than \$20 million of contingent tax credits for each \$100 million increment of contingent tax liability may be redeemable in any fiscal year. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Title 59, Chapter 7 Corporate Franchise and Income taxes, or Title 59, Chapter 10, Individual Income Tax Act.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change

based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The State is self-insured for liability claims up to \$1 million and beyond the excess insurance policy limit of \$10 million. The State is self-insured for individual property and casualty claims up to \$1 million and up to \$3.5 million in aggregate claims and beyond the excess insurance policy limit of \$700 million per occurrence. According to an actuarial study and other known factors, \$41.897 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953*, as amended, Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guaranteed Bonds for any significant period of time.

Local school boards have \$2.562 billion principal amount of Guaranteed Bonds outstanding at June 30, 2010. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received \$38.191 million from tobacco companies in fiscal year 2010 and expects to receive approximately \$39.331 million in fiscal year 2011. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

## C. Commitments

- At June 30, 2010, the Industrial Assistance Program of the General Fund had grant commitments of \$9.7 million, contingent on participating companies meeting certain performance criteria.
- Utah Retirement Systems (defined benefit pension plans and defined contribution plans) has at its yearend December 31, 2009, committed to fund certain private equity partnerships and real estate projects for an amount of \$6.144 billion. Funding of \$3.866 billion has been provided, leaving an unfunded commitment of \$2.278 billion as of December 31, 2009, which will be funded over the next five years. In addition, URS has a partial loan guarantee against real estate investments of up to \$11.23 million.
- As of June 30, 2010, the Utah Housing Corporation (major component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of \$45.11 million.

The Utah Housing Corporation (major component unit) has one Revolving Credit Note, in the amount of \$3 million matures on March 24, 2011. At June 30, 2010, the outstanding balance on this Revolving Credit Note was \$2.598 million. The Revolving Credit Note bears interest at a calculated LIBOR rate advance or base rate advance with a minimum rate of 5.25 percent. The Revolving Credit Note balance consists of three separate loans. The first loan is dated April 1, 2009 for \$500 thousand with an interest rate of 5.25 percent at June 30, 2010. The second loan is dated June 26, 2008 for \$450 thousand with an interest rate of 5.25 percent at June 30, 2010. The third loan is dated November 24, 2008 for \$1.648 million with an interest rate of 5.25 percent at June 30, 2010. These three loans are due during the year ended June 30, 2011.

- At June 30, 2010, the enterprise funds had loan commitments of approximately \$241.8 million and grant commitments of approximately \$46.6 million.
- At June 30, 2010, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of \$2.085 billion. Also, at June 30, 2010, the Student Assistance Programs had commitments to purchase approximately \$24.206 million in student loans and fund undisbursed loans of \$2.758 million.

On March 30, 2010, the President signed into law H.R. 4872 – Health Care and Education Reconciliation Act of 2010, which terminates new loan originations in the Federal Family Education Loan Program (FFELP) on June 30, 2010. As of July 1, 2010 the Program will not originate or disburse student loans under FFELP.

The Program sold eligible student loans to U.S. Department of Education (ED) under a Master Loan Sales Agreement as authorized by the “Ensuring Continued Access to Student Loans Act of 2008” (Pub. L. No. 110-227). Under this agreement, the Program may sell student loans to ED for a purchase price equal to the principal and accrued interest, reimbursement of the 1 percent lender origination fee, and payment of a \$75 administrative fee per loan. At the date of sale, the ownership and servicing of the loans transfers to

ED. During the fiscal year ended June 30, 2010, the Program sold loans to ED with a principal and accrued interest balance of \$821.53 million and received \$8.09 million for reimbursement of the 1 percent origination fee and \$15.901 million for administrative cost reimbursement. On September 24, 2010, the Program sold loans to ED with a principal and accrued interest balance of \$88.532 million.

- At June 30, 2010, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of \$50 million, of which \$17.072 million have been called, leaving a remaining commitment of \$32.928 million.
- At June 30, 2010, the Utah Department of Transportation had construction and other contract commitments of \$1.563 billion, of which \$97.3 million is for Centennial Highway Projects within the Transportation Investment Fund (major special revenue fund) and \$1.466 billion is for Transportation Fund (major special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2010, the University had committed, but not paid, a total of \$21.325 million in funding for these alternative investments.

Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2010, the University had committed, but not paid, a total of \$6.952 million in funding for these alternative investments.

#### NOTE 15. JOINT VENTURE

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of ten representatives elected by the board, and five state representatives of which four are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of \$185 thousand. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had \$5.28 million of revenue bonds outstanding at June 30, 2010. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding

from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The Office of the Utah State Auditor audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the Office of the Utah State Auditor.

#### NOTE 16. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

##### A. Utah Retirement Systems

Utah Retirement Systems (URS) was established by Title 49 of *Utah Code Annotated, 1953*, as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2009, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Utah Retirement Systems (URS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislative Retirement Plan, which are single-employer service employee retirement systems; and five defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement.

Retirement benefits are specified by Title 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse,

and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

#### Summary of Eligibility and Benefits

	<b>Contributory System</b>	<b>Noncontributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years	Highest 3 Years	Highest 2 Years
Years of Service	30 years any age	30 years any age	20 years any age	25 years any age	25 years any age
Required and/or Age	*20 years age 60	*25 years any age	10 years age 60	*20 years age 55	*20 years age 55
Eligible for Benefit	*10 years age 62	*20 years age 60	4 years age 65	10 years age 62	10 years age 62
	4 years age 65	*10 years age 62		6 years age 70	6 years age 70
		4 years age 65			
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary	5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary	

\*With actuarial reductions

Former governors at age 65 receive \$1,220 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of \$26.80 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future

benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

#### Participants December 31, 2009

	<b>Non-contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire-fighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
Number of participating:						
Employers .....	416	160	130	55	1	1
Members:						
Active.....	92,766	2,515	7,695	1,907	104	119
Terminated vested .....	31,030	1,355	2,331	128	8	80
Retirees and beneficiaries:						
Service benefits.....	33,901	4,969	3,819	1,030	107	224
Disability benefits .....	—	2	12	82	—	—

Employer contribution rates consist of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (2) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over a closed 25 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Retirement Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

**State of Utah's Employer Contributions  
Required and Paid  
For Fiscal Years Ended June 30  
(Expressed in Thousands)**

	<b>Contributory System</b>	<b>Non- contributory System</b>	<b>Public Safety System</b>	<b>Fire- fighters System</b>	<b>Judges System</b>	<b>Total All Systems</b>
<b>Primary Government:</b>						
2010 .....	\$ 3,333	\$ 103,548	\$ 34,342	\$ 81	\$ 2,427	\$ 143,731
2009 .....	\$ 3,692	\$ 106,881	\$ 33,711	\$ 76	\$ 1,980	\$ 146,340
2008 .....	\$ 3,792	\$ 101,591	\$ 29,261	\$ 75	\$ 1,737	\$ 136,456
2007 .....	\$ 3,874	\$ 94,384	\$ 27,208	\$ 59	\$ 1,238	\$ 126,763
2006 .....	\$ 4,197	\$ 87,445	\$ 22,701	\$ 49	\$ 1,007	\$ 115,399
<b>Component Units:</b>						
<b>Colleges and Universities:</b>						
2010 .....	\$ 1,905	\$ 40,385	\$ 639	\$ —	\$ —	\$ 42,929
2009 .....	\$ 2,133	\$ 42,026	\$ 596	\$ —	\$ —	\$ 44,755
2008 .....	\$ 2,160	\$ 40,781	\$ 498	\$ —	\$ —	\$ 43,439
2007 .....	\$ 2,200	\$ 39,016	\$ 488	\$ —	\$ —	\$ 41,704
2006 .....	\$ 2,117	\$ 37,813	\$ 425	\$ —	\$ —	\$ 40,355
<b>Other:</b>						
2010 .....	\$ 53	\$ 3,580	\$ —	\$ —	\$ —	\$ 3,633
2009 .....	\$ 70	\$ 3,483	\$ —	\$ —	\$ —	\$ 3,553
2008 .....	\$ 76	\$ 2,938	\$ —	\$ —	\$ —	\$ 3,014
2007 .....	\$ 78	\$ 2,722	\$ —	\$ —	\$ —	\$ 2,800
2006 .....	\$ 60	\$ 2,385	\$ —	\$ —	\$ —	\$ 2,445
<b>Total Primary Government and Component Units:</b>						
2010 .....	\$ 5,291	\$ 147,513	\$ 34,981	\$ 81	\$ 2,427	\$ 190,293
2009 .....	\$ 5,895	\$ 152,390	\$ 34,307	\$ 76	\$ 1,980	\$ 194,648
2008 .....	\$ 6,028	\$ 145,310	\$ 29,759	\$ 75	\$ 1,737	\$ 182,909
2007 .....	\$ 6,152	\$ 136,122	\$ 27,696	\$ 59	\$ 1,238	\$ 171,267
2006 .....	\$ 6,374	\$ 127,643	\$ 23,126	\$ 49	\$ 1,007	\$ 158,199

(Continues on next page.)



The following table summarizes contribution rates in effect at December 31, 2009:

**Contribution Rates as a Percent of Covered Payroll**

<b>System</b>	<b>Member</b>	<b>Employer</b>	<b>Other</b>
Contributory.....	6.00 %	7.65 % – 9.73 %	—
Noncontributory.....	—	11.66 % – 14.22 %	—
Public Safety:			
Contributory.....	10.50 % – 12.29 %	12.47 % – 19.17 %	—
Noncontributory.....	—	23.07 % – 35.71 %	—
Firefighters:			
Division A.....	13.49 %	—	12.34%
Division B.....	9.68 %	—	12.34 %
Judges:			
Noncontributory.....	—	13.51 %	13.83 %
Governors and Legislative .....	—	—	—

### Defined Contribution Plans

The 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers and according to Utah Title 49. There are 362 employers participating in the 401(k) Plan and 153 employers participating in the 457 Plan. There are 144,013 plan participants in the 401(k) Plan, 17,111 participants in the 457 Plan, 1,949 participants in the Roth IRA Plan, 494 participants in the Traditional IRA Plan, and 1,079 in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457, 403(b), Roth and Traditional IRA Plans. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2010, by employees and employers are as follows: for Primary Government, \$35.357 million and \$18.707 million; for Component Units – Colleges and Universities, \$3.935 million and \$4.647 million; for Component Units – Other, \$1.04 million and \$838.405 thousand; and the combined total for all is \$40.332 million and \$24.192 million, respectively. The amounts contributed by

employees to the 457, Roth and Traditional IRA Plans (Primary Government) are \$6.82 million, \$1.015 million, and \$39.656 thousand, respectively.

Employees of the University of Utah (major component unit) may also contribute to a 403(b) plan. For employees enrolled in the Hospital Retirement Plan and contribute to a 403(b) plan, the University matches up to 3 percent of an employee's contribution. Total University employee contributions to the 403(b) plans for the fiscal year was approximately \$29.584 million.

### Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors have determined the fair value for the individual investments. Approximately 11 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 11 percent, approximately 3 percent are U.S. Government debt securities and 8 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

(Continues on next page.)

**Pension Receivables and Investments***(Expressed in Thousands)*

	<b>Non- contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire- fighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
Receivables:						
Member Contributions .....	\$ —	\$ 366	\$ 43	\$ 489	\$ —	\$ —
Employer Contributions .....	28,875	529	3,783	—	92	—
Court Fees and Fire Insurance Premium .....	—	—	—	10,161	184	—
Investments .....	231,214	15,334	29,810	10,994	1,825	147
Total Receivables .....	<u>\$ 260,089</u>	<u>\$ 16,229</u>	<u>\$ 33,636</u>	<u>\$ 21,644</u>	<u>\$ 2,101</u>	<u>\$ 147</u>
Investments:						
Debt Securities .....	\$ 3,612,865	\$ 239,606	\$ 465,794	\$ 171,788	\$ 28,509	\$ 2,300
Equity Investments .....	5,677,545	376,536	731,981	269,961	44,801	3,615
Absolute Return .....	1,927,096	127,805	248,453	91,631	15,207	1,227
Private Equity .....	1,127,454	74,773	145,358	53,609	8,897	718
Real Estate .....	2,236,867	148,350	288,390	106,360	17,651	1,424
Mortgage Loans .....	5,471	363	704	260	43	3
Invested Securities Lending Collateral .....	1,149,384	76,227	148,184	54,652	9,070	732
Total Investments .....	<u>\$ 15,736,682</u>	<u>\$ 1,043,660</u>	<u>\$ 2,028,864</u>	<u>\$ 748,261</u>	<u>\$ 124,178</u>	<u>\$ 10,019</u>

Continues Below

	<b>401(k) Plan</b>	<b>457 Plan</b>	<b>IRA Plans</b>	<b>Health Reimbursement Arrangement</b>	<b>Total December 31, 2009</b>
Receivables:					
Member Contributions .....	\$ —	\$ —	\$ —	\$ —	\$ 898
Employer Contributions .....	—	—	—	—	33,279
Court Fees and Fire Insurance Premium .....	—	—	—	—	10,345
Investments .....	59,361	5,010	—	—	353,695
Total Receivables .....	<u>\$ 59,361</u>	<u>\$ 5,010</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 398,217</u>
Investments:					
Debt Securities .....	\$ 1,203,475	\$ 130,892	\$ 17,498	\$ —	\$ 5,872,727
Equity Investments .....	1,345,368	147,806	17,182	—	8,614,795
Absolute Return .....	—	—	—	—	2,411,419
Private Equity .....	—	—	—	—	1,410,809
Real Estate .....	—	—	—	—	2,799,042
Mortgage Loans .....	—	—	—	—	6,844
Invested Securities Lending Collateral .....	104,636	11,603	1,429	—	1,555,917
Total Investments .....	<u>\$ 2,653,479</u>	<u>\$ 290,301</u>	<u>\$ 36,109</u>	<u>\$ 0</u>	<u>\$ 22,671,553</u>



**Actuarial Methods and Assumptions**

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2009, and calendar year 2009 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8 percent to 7.75 percent. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected rate on fair value is smoothed

over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 25 years, closed period. An inflation rate of 3 percent is used for all systems. Post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The adjustments are also limited to the actual CPI increase for the year with any unused CPI increase not met carried forward to subsequent years. Below are the Schedules of Funding Progress.

**Schedules of Funding Progress  
By Valuation Date  
(Expressed in Thousands)**

	<b>Contributory System</b>	<b>Noncontributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>	<b>Governors and Legislative Retirement Plan</b>
<b>Actuarial Value of Assets:</b>						
January 1, 2008.....	\$ 1,102,107	\$ 16,199,077	\$ 2,038,613	\$ 787,663	\$ 129,847	\$ 11,736
January 1, 2009.....	\$ 1,097,711	\$ 15,839,461	\$ 2,017,576	\$ 765,871	\$ 126,120	\$ 10,841
December 31, 2009.....	\$ 1,114,019	\$ 16,622,548	\$ 2,137,027	\$ 802,576	\$ 131,491	\$ 10,769
<b>Actuarial Accrued Liability (AAL):</b>						
January 1, 2008.....	\$ 1,170,251	\$ 17,025,185	\$ 2,247,826	\$ 732,829	\$ 135,379	\$ 9,862
January 1, 2009.....	\$ 1,218,572	\$ 18,306,590	\$ 2,473,667	\$ 776,622	\$ 145,965	\$ 10,982
December 31, 2009.....	\$ 1,234,895	\$ 19,429,734	\$ 2,644,070	\$ 825,154	\$ 154,303	\$ 11,027
<b>Unfunded Actuarial Accrued Liability (UAAL):</b>						
January 1, 2008.....	\$ 68,144	\$ 826,108	\$ 209,213	\$ (54,834)	\$ 5,532	\$ (1,874)
January 1, 2009.....	\$ 120,861	\$ 2,467,129	\$ 456,091	\$ 10,751	\$ 19,845	\$ 141
December 31, 2009.....	\$ 120,876	\$ 2,807,186	\$ 507,043	\$ 22,578	\$ 22,812	\$ 258
<b>Funding Ratios:</b>						
January 1, 2008.....	94.2 %	95.1 %	90.7 %	107.5 %	95.9 %	119.0 %
January 1, 2009.....	90.1 %	86.5 %	81.6 %	98.6 %	86.4 %	98.7 %
December 31, 2009.....	90.2 %	85.6 %	80.8 %	97.3 %	85.2 %	97.7 %
<b>Annual Covered Payroll:</b>						
January 1, 2008.....	\$ 132,899	\$ 3,582,495	\$ 339,187	\$ 95,767	\$ 13,322	\$ 947
January 1, 2009.....	\$ 133,110	\$ 3,871,636	\$ 365,043	\$ 102,252	\$ 14,404	\$ 910
December 31, 2009.....	\$ 127,804	\$ 3,955,040	\$ 373,959	\$ 107,625	\$ 14,434	\$ 910
<b>UAAL as a Percent of Covered Payroll:</b>						
January 1, 2008.....	51.3 %	23.1 %	61.7 %	(57.3)%	41.5 %	(197.9)%
January 1, 2009.....	90.8 %	63.7 %	124.9 %	10.5 %	137.8 %	15.5%
December 31, 2009.....	94.6 %	71.0 %	135.6 %	21.0 %	158.0 %	28.4%

## B. Teachers Insurance and Annuity Association–College Retirement Equities Fund

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the college and university (component units) to the TIAA–CREF retirement system for June 30, 2010 and 2009, were \$138.905 million and \$135.108 million, respectively.

## NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

### A. State's Other Postemployment Benefit Plan

At the option of individual state agencies, employees may participate in the State's Other Postemployment Benefit Plan (State Employees' OPEB Plan), a single-employer defined benefit healthcare plan, as set forth in Section 67–19–14(2) of the *Utah Code*. The State administers the Employee OPEB Plan through the State Post-Retirement Benefits Trust Fund, an irrevocable trust, as set forth in Section 67–19d–201 of the *Utah Code*. The trust fund is under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Planning and Budget.

Plan assets of the State Post-Retirement Benefits Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment health and life insurance coverage, and in some situations dental coverage to current and eligible future state retirees in accordance with the terms of the plan. The State Post-Retirement Benefits Trust Fund does not issue a publicly available financial report, but is included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

Only state employees entitled to receive retirement benefits and hired prior to January 1, 2006, are eligible to receive postemployment health and life insurance benefits from the OPEB Plan. Upon retirement, an employee receives 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange eight hours of remaining unused accumulated sick leave earned prior to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. Regardless of the unused sick

leave balance, the State will provide postemployment health and life insurance coverage for up to five years (if the employee retired in 2006) or until the employee reaches age 65. This automatic coverage provision will decline by one year each calendar year until it is completely phased out on January 1, 2011. After age 65, the employee may use any remaining unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of December 31, 2008, the date of the latest actuarial valuation, approximately 4,888 retirees and their beneficiaries were receiving state post-retirement health and life insurance benefits, and an estimated 20,385 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 5 percent to 27 percent, toward the cost of health insurance premiums. For the year ended June 30, 2010, retirees contributed \$1.207 million, or approximately 3.9 percent of total premiums, through their required contributions of \$20.01 to \$491.31 per month depending on the coverage (single, double, or family) and health plan selected.

The State Legislature currently plans to contribute amounts to the trust fund sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC of \$43.819 million, from the December 31, 2008, actuarial valuation and used to establish the annual budget for fiscal year 2010, is 4.9 percent of annual covered payroll. There are no long-term contracts for contributions to the plan.

### B. Elected Officials' Other Postemployment Benefit Plan

The State of Utah also administers the Elected Officials' Other Postemployment Benefit Plan (Elected Officials' OPEB Plan), a single-employer defined benefit healthcare plan, as set forth in Section 49-20-404 of the *Utah Code*. The Elected Officials' OPEB Plan does not issue a publicly available financial report.

Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. As established by 49-20-404(3) of the *Utah Code*, the State will pay 40 percent of the benefit cost for 4 years of service and up to 100 percent for ten or more years of service, for elected officials, and their spouses. As of December 31, 2008, the date of the latest actuarial valuation, approximately 63 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 192 active and former elected officials

may receive future benefits for themselves and qualifying dependents under the Elected Officials' Other Postemployment Benefit Plan.

For the year ended June 30, 2010, the State paid the expected benefit payments of \$335 thousand on a pay-as-you-go basis. Retirees that participate in the Elected Officials' OPEB Plan are required to contribute specified amounts monthly, ranging from \$0 (for ten or more years of service) to \$545.22 per month (for four

years of service) depending on the coverage (single, double) and health plan selected.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employees' and Elected Officials' OPEB plans for fiscal year 2010 (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Annual required contribution .....	\$ 43,819	\$ 2,188
Interest on net OPEB obligation .....	—	156
Adjustment to annual required contribution .....	—	(226)
Annual OPEB cost (expense) .....	43,819	2,118
Contributions made .....	(43,819)	(343)
Increase in net OPEB obligation .....	0	1,775
Net OPEB obligation (asset) – Beginning of year .....	0	3,918
Net OPEB obligation – End of year .....	\$ 0	\$ 5,693

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2010 and the two preceding years for both the State Employees' and Elected Officials' OPEB plans were as follows (dollar amount in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
State Employees' OPEB Plan:	6/30/2008	\$ 53,502	98.71 %	\$ 0
	6/30/2009	\$ 53,491	100.00 %	\$ 0
	6/30/2010	\$ 43,819	100.00 %	\$ 0
Elected Officials' OPEB Plan:	6/30/2008	\$ 2,188	8.19 %	\$ 2,009
	6/30/2009	\$ 2,161	11.66 %	\$ 3,918
	6/30/2010	\$ 2,118	16.18 %	\$ 5,693

The funded status of both the State Employees' and Elected Officials' OPEB plans as of December 31, 2008 was as follows (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Actuarial accrued liability .....	\$ 446,601	\$ 24,515
Actuarial value of plan assets .....	53,851	0
Unfunded actuarial accrued liability (funding excess) .....	\$ 392,750	\$ 24,515
Funded ratio .....	12.1 %	0.0 %
Covered payroll .....	\$ 901,245	\$ 866
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll .....	43.6 %	2,830.8 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and assumptions of both the State Employees' and Elected Officials' OPEB plans as of December 31, 2008 were as follows:

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Actuarial valuation date.....	12/31/2008	12/31/2008
Actuarial cost method.....	Projected Unit Credit	
Amortization method.....	Level Dollar Amount; Open	
Remaining amortization period .....	25 years	30 years
Asset valuation method .....	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return.....	6 % discounted	4 % discounted
Healthcare inflation rate .....	10 % initial 4.5 % ultimate	

#### NOTE 18. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (component unit). The State is a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for the fiscal years ended June 30, 2008 and

2009. However, the State did have property losses that will exceed the commercial excess insurance coverage for the fiscal year ended June 30, 2010. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims

liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 3 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 4.25 and 7.75 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of \$242.838 million and \$16.127 million, respectively, for health and life insurance coverage in fiscal year 2010. In addition, the State Department of Health paid \$47.327 million in premiums to the Public Employees Health Program for the Children's Health Insurance Program.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid

100 percent by the program. As of June 30, 2010, there are 281 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2010, the primary government and the discrete component units of the State paid premiums of \$5.349 million and \$139 thousand, respectively, for the Long-Term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below. The following table presents the changes in claims liabilities balances (short and long-term combined) during fiscal years ended June 30, 2009 and June 30, 2010:

**Changes in Claims Liabilities**  
(Expressed in Thousands)

	<b>Beginning Balance</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
<b>Risk Management:</b>				
2009 .....	\$ 41,285	\$ 11,980	\$ (9,615)	\$ 43,650
2010 .....	\$ 43,650	\$ 11,321	\$ (13,074)	\$ 41,897
<b>Public Employees Health Program:</b>				
2009 .....	\$ 121,816	\$ 558,493	\$(560,990)	\$ 119,319
2010 .....	\$ 119,319	\$ 549,337	\$(546,268)	\$ 122,388
<b>College and University Self-Insurance:</b>				
2009 .....	\$ 75,199	\$ 205,565	\$(227,861)	\$ 52,903
2010 .....	\$ 52,903	\$ 266,181	\$(258,990)	\$ 60,094

**NOTE 19. SUBSEQUENT EVENTS**

A lawsuit was filed in 1992 by the members of the Navajo Nation alleging that the State of Utah mismanaged Navajo Nation Trust Fund monies. The plaintiffs were seeking an accounting of the legitimacy of the fund's receipts and disbursements including monetary damages. A Final Settlement Agreement was entered into by the parties, approved by the Governor and the Utah State Legislature and in a July 14, 2010 Final Order and Judgment the settlement was approved by the court. Under the terms of the settlement agreement, Utah will pay \$26 million to the Utah Navajo Royalties Holding Fund (Private Purpose Trust Fund) plus \$7 million in court and legal fees in four annual payments: \$1 million was paid in July 2010; \$5 million on or before July 15, 2011; \$13.5 million on or before July 16, 2012; and \$13.5 million on or before

July 15, 2013. Pursuant to the terms of the Final Judgment and Order, the case has been resolved and dismissed with prejudice, leaving nothing further to be adjudicated.

On September 30, 2010, the State issued \$412.990 million of General Obligation Bonds Series 2010 A and \$621.980 million of General Obligation Bonds Series 2010 B Build America Bonds. Principal on the bonds is due annually commencing July 1, 2011 through July 1, 2017 for the Series 2010 A. Principal on the bonds is due annually commencing July 1, 2019 through July 1, 2021 for the Series 2010 B with an additional Term Bond due July 1, 2025. Interest rates on the Series 2010 A bonds range from 1.75 percent to 5 percent, with a "true interest rate" of 1.26 percent after considering premium received upon the sale of the bonds. Interest rates on the Series 2010 B bonds range from 3.19 percent to 3.54 percent with a "true interest rate" of 2.29 percent after considering

the federal subsidy of 35 percent from the U.S. Treasury received on the bonds. Proceeds of the bonds will be used for capital facilities and highway projects.

On October 21, 2010, the State issued \$172.055 million of General Obligation Refunding Bonds Series 2010 C. Principal on the bonds is due annually commencing July 1, 2016 through July 1, 2019. Interest rates on the Series 2010 C bonds range from 4 percent to 5 percent, with a “true interest rate” of 1.92 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used to advance refund certain outstanding General Obligation Bonds Series 2004 B and 2009 A.

On November 9, 2010, the Utah State Building Ownership Authority (blended component unit) sold \$36.735 million of Lease Revenue Refunding Bonds Series 2010 with the closing date on the issued bonds scheduled for November 30, 2010. Principal on the bonds is due annually commencing May 15, 2011 through May 15, 2024. Interest rates on the Series 2010 bonds range from 2 percent to 5 percent. Proceeds of the bonds will be used to advance refund certain outstanding lease revenue bonds series 2001 A, 2001 B, and 2004 A.

Subsequent to June 30, 2010, the Student Loan Purchase Program (major enterprise fund) redeemed multiple series of the student loan revenue bonds totaling \$24.85 million. The bonds were redeemed at a discount, which will result in an estimated gain on the redemption of bonds of \$2.053 million.

Subsequent to June 30, 2010, the Utah Housing Corporation (major component unit) refunded Multi-Family Series 2006A-1 and Series 2006A-2, Liberty Commons Apartments Projects, a fixed rate Multi-Family Class I Bonds of \$17.193 million. The \$17.04 million Multi-Family Class I Refunding Bonds 2010 Series Fixed Rate Bonds matures in annual installments from January 1, 2010 through July 1, 2041, 2010 Series A (Tax Exempt) of \$14 million with an interest rate 5.59 percent maturing July 1, 2041, 2010 Series B (Tax Exempt) of \$2.8 million with an interest rate of 6.5 percent maturing July 1, 2023, and 2010 Series C (Taxable) of \$240 thousand with an interest rate of 7.22 percent maturing January 1, 2012.

Subsequent to June 30, 2010, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of \$25 million.

On August 2, 2010 the University of Utah (major component unit) issued \$36.12 million of Hospital Revenue Bonds, Series 2010. Principal on the bonds is due annually commencing August 1, 2011 through August 1, 2026. Bond interest is due semi-annually commencing February 1, 2011 at rates ranging from 3 percent to 5 percent. Proceeds from these bonds will be used to acquire two buildings for use by the Hospital.

On July 28, 2010, the Utah State University’s (major component unit) \$11.07 million Series 2010 Research Revenue Bonds were issued for the purpose of refunding in advance of the maturity a portion of the Series 2002A Research Revenue Bonds that were previously issued. This refunding resulted in an increase of \$1.073 million in the net carrying amount of the refunded debt, a reduction in the future debt service payments of \$619 thousand, and an economic gain (difference between the present value of the old and new debt service payments) of \$576 thousand.

On August 18, 2010 Weber State University (non-major component unit) issued \$14.015 million of Taxable Student Facilities System Revenue Bonds, Series 2010A Build America Bonds. Principal on the Series 2010A bonds is due annually commencing April 1, 2014 through April 1, 2040. Bond interest is due semiannually commencing April 1, 2011 at rates ranging from 1.75 percent to 5.15 percent. Each interest payment on the Series 2010A bonds will receive a subsidy from the Federal Government with funds provided by the American Recovery and Reinvestment Act totaling \$4.342 million over the life of the bonds. Proceeds from the bonds will be used to finance the demolition of four old dormitories and the construction of three modern student dorms on the University’s Ogden campus. A portion of the Series 2010A bond proceeds will be used to cover the costs of design, construction, furnishings, and equipment associated with the project.

During the 2010 Utah State Legislative session, the Legislature passed HB406S(1), State Fair Park Amendments. This bill authorizes the State and the Utah State Fair Corporation (non-major component unit) to enter into a lease agreement for a period not to exceed 50 years beginning July 1, 2010. This legislation allows for the portion of the leased premises known as the “white ball field” to revert back to the State effective June 30, 2017, in accordance with the existing lease agreement.

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# REQUIRED SUPPLEMENTARY INFORMATION





**Budgetary Comparison Schedule  
General Fund**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Sales Tax .....	\$ 1,472,586	\$ 1,430,450	\$ 1,402,671	\$ (27,779)
Licenses, Permits, and Fees:				
Insurance Fees .....	6,324	4,896	6,547	1,651
Court Fees .....	9,107	13,004	15,667	2,663
Other Licenses, Permits, and Fees .....	9,662	18,879	12,352	(6,527)
Investment Income .....	7,498	3,000	5,321	2,321
Miscellaneous Taxes and Other:				
Beer Tax .....	8,128	6,234	7,725	1,491
Cigarette and Tobacco Tax .....	50,680	46,916	50,986	4,070
Inheritance Tax .....	16	75	61	(14)
Insurance Premium Tax .....	83,227	86,250	80,013	(6,237)
Oil, Gas, and Mining Severance Tax .....	72,206	51,800	77,066	25,266
Taxpayer Rebates .....	(7,200)	(6,400)	(6,384)	16
Court Collections .....	5,133	3,245	4,601	1,356
Other Taxes .....	30,011	29,095	31,518	2,423
Miscellaneous Other .....	13,821	26,531	25,434	(1,097)
Total General Revenues .....	<u>1,761,199</u>	<u>1,713,975</u>	<u>1,713,578</u>	<u>(397)</u>
Department Specific Revenues				
Restricted Sales Tax .....	3,825	3,627	3,627	—
Federal Contracts and Grants .....	2,312,945	2,663,603	2,663,603	—
Departmental Collections .....	325,929	333,253	324,300	(8,953)
Higher Education Collections .....	403,779	491,441	491,441	—
Federal Mineral Lease .....	103,460	115,315	129,377	14,062
Investment Income .....	3,078	3,997	4,224	227
Miscellaneous .....	575,376	558,641	560,223	1,582
Total Department Specific Revenues .....	<u>3,728,392</u>	<u>4,169,877</u>	<u>4,176,795</u>	<u>6,918</u>
Total Revenues .....	<u>5,489,591</u>	<u>5,883,852</u>	<u>5,890,373</u>	<u>6,521</u>
<b>Expenditures</b>				
General Government .....	383,709	352,677	295,922	56,755
Human Services and Youth Corrections .....	708,486	694,048	676,920	17,128
Corrections, Adult .....	252,169	244,184	232,748	11,436
Public Safety .....	251,748	232,230	196,156	36,074
Courts .....	130,352	141,733	136,342	5,391
Health and Environmental Quality .....	2,043,426	2,255,711	2,227,545	28,166
Higher Education – State Administration .....	62,176	52,770	52,084	686
Higher Education – Colleges and Universities .....	1,145,332	1,219,182	1,219,172	10
Employment and Family Services .....	568,382	694,029	686,563	7,466
Natural Resources .....	186,967	191,322	166,380	24,942
Community and Culture .....	224,340	174,232	171,235	2,997
Business, Labor, and Agriculture .....	99,648	101,029	87,203	13,826
Total Expenditures .....	<u>6,056,735</u>	<u>6,353,147</u>	<u>6,148,270</u>	<u>204,877</u>
Excess Revenues Over (Under) Expenditures .....	<u>(567,144)</u>	<u>(469,295)</u>	<u>(257,897)</u>	<u>211,398</u>
<b>Other Financing Sources (Uses)</b>				
Capital Leases Acquisition .....	—	—	11,122	11,122
Transfers In .....	333,968	401,228	401,228	—
Transfers Out .....	(148,201)	(159,213)	(159,213)	—
Total Other Financing Sources (Uses) .....	<u>185,767</u>	<u>242,015</u>	<u>253,137</u>	<u>11,122</u>
Net Change in Fund Balance .....	<u>(381,377)</u>	<u>(227,280)</u>	<u>(4,760)</u>	<u>222,520</u>
Budgetary Fund Balance – Beginning .....	502,076	502,076	502,076	—
Adjustments to Beginning Fund Balances .....	(3,929)	(3,929)	(3,929)	—
Fund Balances – Beginning As Adjusted .....	<u>498,147</u>	<u>498,147</u>	<u>498,147</u>	<u>—</u>
Budgetary Fund Balance – Ending .....	<u>\$ 116,770</u>	<u>\$ 270,867</u>	<u>\$ 493,387</u>	<u>\$ 222,520</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**Budgetary Comparison Schedule  
Education Fund**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Individual Income Tax .....	\$ 2,260,695	\$ 2,228,927	\$ 2,119,947	\$ (108,980)
Corporate Tax .....	260,897	211,800	259,458	47,658
Miscellaneous Other .....	11,600	15,950	32,824	16,874
Total General Revenues .....	<u>2,533,192</u>	<u>2,456,677</u>	<u>2,412,229</u>	<u>(44,448)</u>
Department Specific Revenues				
Federal Contracts and Grants .....	605,515	561,174	561,174	—
Departmental Collections .....	3,241	10,477	10,477	—
Investment Income .....	21,000	21,438	25,579	4,141
Miscellaneous:				
School Lunch Tax .....	21,612	27,913	27,913	—
Driver Education Fee .....	3,956	4,982	4,982	—
Other .....	4,895	5,914	6,324	410
Total Department Specific Revenues .....	<u>660,219</u>	<u>631,898</u>	<u>636,449</u>	<u>4,551</u>
Total Revenues .....	<u>3,193,411</u>	<u>3,088,575</u>	<u>3,048,678</u>	<u>(39,897)</u>
<b>Expenditures</b>				
Public Education .....	<u>2,926,877</u>	<u>2,995,667</u>	<u>2,939,144</u>	<u>56,523</u>
Total Expenditures .....	<u>2,926,877</u>	<u>2,995,667</u>	<u>2,939,144</u>	<u>56,523</u>
Excess Revenues Over (Under) Expenditures .....	<u>266,534</u>	<u>92,908</u>	<u>109,534</u>	<u>16,626</u>
<b>Other Financing Sources (Uses)</b>				
Capital Leases/Contracts Issued .....	—	—	33	33
Transfers In .....	6,419	8,664	8,664	—
Transfers Out .....	(322,298)	(322,038)	(322,038)	—
Total Other Financing Sources (Uses) .....	<u>(315,879)</u>	<u>(313,374)</u>	<u>(313,341)</u>	<u>33</u>
Net Change in Fund Balance .....	(49,345)	(220,466)	(203,807)	16,659
Budgetary Fund Balance – Beginning .....	545,493	545,493	545,493	—
Budgetary Fund Balance – Ending .....	<u>\$ 496,148</u>	<u>\$ 325,027</u>	<u>\$ 341,686</u>	<u>\$ 16,659</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**Budgetary Comparison Schedule  
Transportation Fund**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Motor Fuel Tax .....	\$ 224,472	\$ 238,100	\$ 243,295	\$ 5,195
Special Fuel Tax .....	106,454	92,250	94,812	2,562
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees .....	35,943	33,068	33,447	379
Proportional Registration Fees .....	13,725	14,433	14,617	184
Temporary Permits .....	504	374	387	13
Special Transportation Permits .....	8,480	8,610	8,753	143
Highway Use Permits .....	6,922	8,064	8,297	233
Motor Vehicle Control Fees .....	4,703	4,353	4,391	38
Miscellaneous .....	1,991	2,159	2,152	(7)
Investment Income .....	3,639	3,287	—	(3,287)
Miscellaneous Other .....	4,644	5,552	1,587	(3,965)
Total General Revenues .....	<u>411,477</u>	<u>410,250</u>	<u>411,738</u>	<u>1,488</u>
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes .....	59,716	57,260	65,640	8,380
Federal Contracts and Grants .....	177,303	421,819	421,819	—
Departmental Collections .....	48,357	65,137	81,332	16,195
Federal Aeronautics .....	20,000	20,000	39,753	19,753
Investment Income .....	910	956	769	(187)
Miscellaneous .....	20,050	86,109	86,722	613
Total Department Specific Revenues .....	<u>326,336</u>	<u>651,281</u>	<u>696,035</u>	<u>44,754</u>
Total Revenues .....	<u>737,813</u>	<u>1,061,531</u>	<u>1,107,773</u>	<u>46,242</u>
<b>Expenditures</b>				
Transportation .....	<u>692,107</u>	<u>1,256,920</u>	<u>1,246,498</u>	<u>10,422</u>
Total Expenditures .....	<u>692,107</u>	<u>1,256,920</u>	<u>1,246,498</u>	<u>10,422</u>
Excess Revenues Over (Under) Expenditures .....	<u>45,706</u>	<u>(195,389)</u>	<u>(138,725)</u>	<u>56,664</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued .....	—	—	39,500	39,500
Sale of Capital Assets .....	500	717	8,016	7,299
Transfers In .....	110,596	115,904	115,904	—
Transfers Out .....	(132,356)	(138,550)	(138,550)	—
Total Other Financing Sources (Uses) .....	<u>(21,260)</u>	<u>(21,929)</u>	<u>24,870</u>	<u>46,799</u>
Net Change in Fund Balance .....	24,446	(217,318)	(113,855)	103,463
Budgetary Fund Balance – Beginning .....	626,768	626,768	626,768	—
Adjustments to Beginning Fund Balances .....	(335,978)	(335,978)	(335,978)	—
Fund Balances – Beginning As Adjusted .....	<u>290,790</u>	<u>290,790</u>	<u>290,790</u>	<u>—</u>
Budgetary Fund Balance – Ending .....	<u>\$ 315,236</u>	<u>\$ 73,472</u>	<u>\$ 176,935</u>	<u>\$ 103,463</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**Budgetary Comparison Schedule  
Transportation Investment Fund**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Sales Tax .....	\$ 148,300	\$ 150,400	\$ 145,012	\$ (5,388)
Motor Vehicle Registration Fees .....	77,400	66,900	68,792	1,892
Total General Revenues .....	<u>225,700</u>	<u>217,300</u>	<u>213,804</u>	<u>(3,496)</u>
Department Specific Revenues				
Restricted Sales Tax .....	100,633	100,161	98,507	(1,654)
Investment Income .....	5,000	6,511	6,906	395
Total Department Specific Revenues .....	<u>105,633</u>	<u>106,672</u>	<u>105,413</u>	<u>(1,259)</u>
Total Revenues .....	<u>331,333</u>	<u>323,972</u>	<u>319,217</u>	<u>(4,755)</u>
<b>Expenditures</b>				
Transportation .....	<u>219,909</u>	<u>825,299</u>	<u>771,720</u>	<u>53,579</u>
Total Expenditures .....	<u>219,909</u>	<u>825,299</u>	<u>771,720</u>	<u>53,579</u>
Excess Revenues Over (Under) Expenditures .....	<u>111,424</u>	<u>(501,327)</u>	<u>(452,503)</u>	<u>48,824</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued .....	—	—	865,400	865,400
Transfers In .....	70,977	77,117	77,117	—
Transfers Out .....	(251,546)	(239,479)	(239,479)	—
Total Other Financing Sources (Uses) .....	<u>(180,569)</u>	<u>(162,362)</u>	<u>703,038</u>	<u>865,400</u>
Net Change in Fund Balance .....	<u>(69,145)</u>	<u>(663,689)</u>	<u>250,535</u>	<u>914,224</u>
Budgetary Fund Balance – Beginning .....	(19,308)	(19,308)	(19,308)	—
Adjustments to Beginning Fund Balances .....	<u>335,978</u>	<u>335,978</u>	<u>335,978</u>	<u>—</u>
Fund Balances – Beginning As Adjusted .....	<u>316,670</u>	<u>316,670</u>	<u>316,670</u>	<u>—</u>
Budgetary Fund Balance – Ending .....	<u>\$ 247,525</u>	<u>\$ (347,019)</u>	<u>\$ 567,205</u>	<u>\$ 914,224</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**Budgetary Comparison Schedule  
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>General Fund</b>	<b>Education Fund</b>	<b>Transportation Fund</b>	<b>Transportation Investment Fund</b>
<b>Revenues</b>				
Actual total revenues (budgetary basis) .....	\$ 5,890,373	\$ 3,048,678	\$ 1,107,773	\$ 319,217
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting .....	(378,303)	(5,090)	(2,213)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting .....	(503,130)	(7,206)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims .....	(15,177)	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting .....	15,574	11,813	5,444	6,639
Estimated federal receivables are recorded as revenues for financial reporting but not for budgetary reporting .....	—	75,637	—	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 5,009,337</u>	<u>\$ 3,123,832</u>	<u>\$ 1,111,004</u>	<u>\$ 325,856</u>
<b>Expenditures</b>				
Actual total expenditures (budgetary basis) .....	\$ 6,148,270	\$ 2,939,144	\$ 1,246,498	\$ 771,720
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting .....	(378,303)	(5,090)	(2,213)	—
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting .....	(503,130)	(7,206)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting .....	(951)	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due .....	(2,240)	(254)	56	—
Estimated federal liabilities are recorded as expenditures for financial reporting but not for budgetary reporting .....	—	75,637	—	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute .....	(21,005)	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 5,242,641</u>	<u>\$ 3,002,231</u>	<u>\$ 1,244,341</u>	<u>\$ 771,720</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING****Budgetary Presentation**

A Budgetary Comparison Schedule is presented for each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts*. Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2010, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (1) lapse to unrestricted balances and be available for future appropriation; (2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

**Budgetary Control**

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by \$595 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

**Spending Limitation**

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2010, the State was \$633.4 million below the appropriations limitation.

### INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employees' Other Postemployment Benefit Plan (State Employees' OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing post-retirement health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits, and hired prior to January 1, 2006, are eligible to receive post-retirement health and life insurance benefits.

The following factors contributed to the decrease in the State Employees' OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2006 to December 31, 2008: (1) fully funding the Annual Required Contribution (ARC) over the last two fiscal years; (2) changes in benefit provisions that shifted increases in health care costs to employees and retirees; and (3) the State Employees' Plan is a closed plan (i.e., only state employees entitled to receive retirement benefits and hired prior to January 1, 2006 are eligible to receive benefits).

The following schedules present the State of Utah's actuarially determined funding progress and required contributions for the State Post-Retirement Benefits Trust Fund (using the projected unit credit method):

**State Employees' OPEB Plan**  
**Schedule of Funding Progress**  
**By Valuation Date**  
*(Expressed in Thousands)*

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
December 31, 2006	\$ 0	\$ 669,617	\$ 669,617	0.00 %	\$ 748,096	89.51 %
December 31, 2008	\$ 53,851	\$ 446,601	\$ 392,750	12.06 %	\$ 901,245	43.58 %

**State Employees' OPEB Plan**  
**Schedule of Employer Contributions**  
*(Expressed in Thousands)*

<b>Year Ended</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
June 30, 2007	\$ 50,433	101.37 %
June 30, 2008	\$ 53,491	98.71 %
June 30, 2009	\$ 53,491	100.00 %
June 30, 2010	\$ 43,819	100.00 %

The Elected Officials' Other Postemployment Benefit Plan (Elected Officials' OPEB Plan) is administered by the State and funded on a pay-as-you-go basis. Only elected officials that retire after January 1, 1998 and have 4 or more years of service are eligible for this benefit. The following schedule presents the State of Utah's actuarially determined funding progress for the Elected Officials' OPEB Plan (using the projected unit credit method):

**Elected Officials' OPEB Plan**  
**Schedule of Funding Progress**  
**By Valuation Date**  
*(Expressed in Thousands)*

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
December 31, 2008	\$ 0	\$ 24,515	\$ 24,515	0.00 %	\$ 866	2,830.8 %



**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

**Roads**

UDOT uses the Pavement Management System to determine the condition of 5,753 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 – 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 – 4.34	Pavements that provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

**Condition Level – Roads**

The State's established condition level is to maintain 50 percent of its roads with a rating of “fair” or better and no more than 15 percent of roads with a rating of “very poor.”

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of “fair” or better (ratings of 2.75 through 5.0) or “very poor” (ratings of 1.0 through 1.84) for the last three years:

Rating	2009	2008	2007
Fair or Better	60.0 %	61.0 %	62.6 %
Very Poor	13.1 %	13.9 %	12.4 %

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2010	\$ 244,272	\$ 349,451
2009	\$ 296,443	\$ 313,817
2008	\$ 418,386	\$ 292,585
2007	\$ 212,911	\$ 252,526
2006	\$ 240,854	\$ 366,600

### Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,854 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

### Condition Level – Bridges

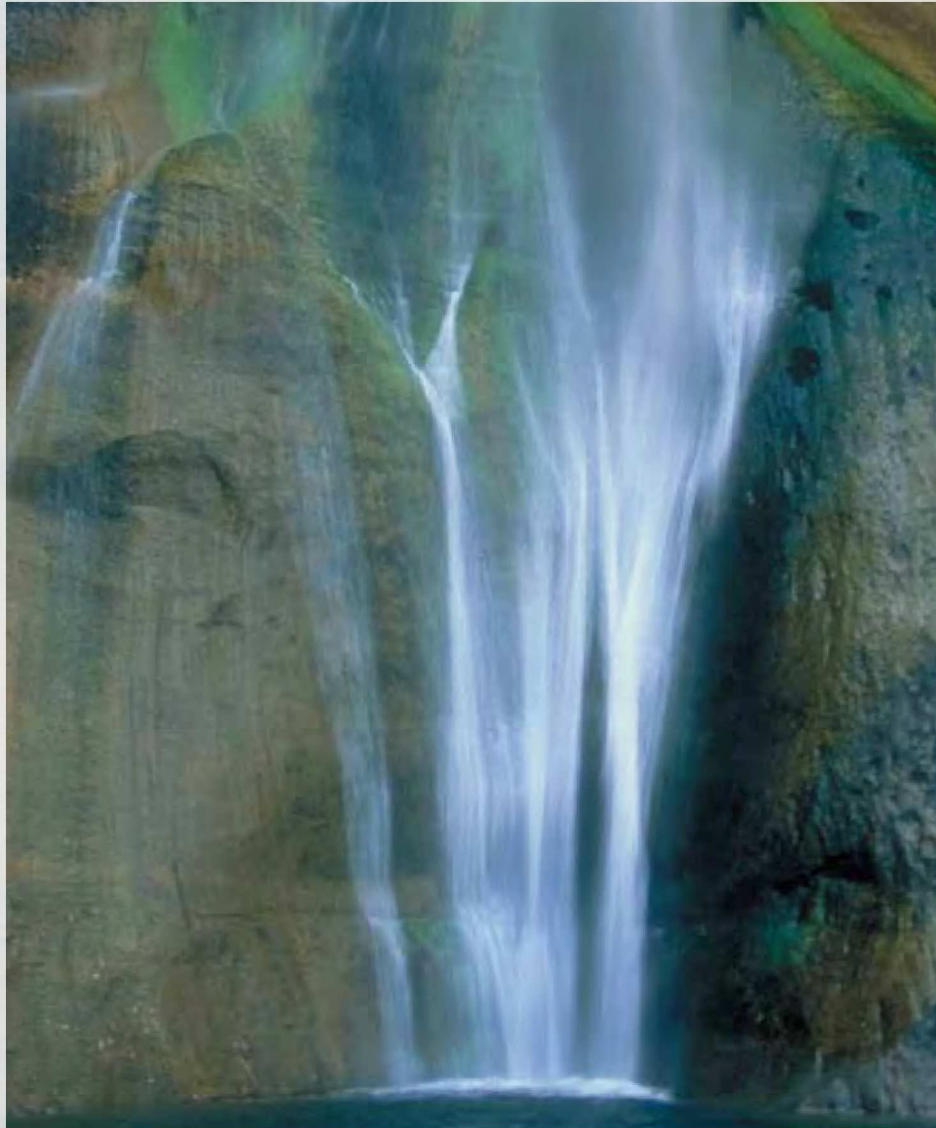
The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2010	2009	2008
Good	72.4 %	69.0 %	72.0 %
Poor	1.0 %	1.0 %	2.0 %

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2010	\$ 43,107	\$ 61,668
2009	\$ 52,314	\$ 55,379
2008	\$ 73,833	\$ 51,633
2007	\$ 37,573	\$ 44,563
2006	\$ 42,504	\$ 64,694

## SUPPLEMENTARY INFORMATION



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## NONMAJOR GOVERNMENTAL FUNDS

### State Endowment Fund

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets given to this fund under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds is deposited in the General Fund.

### Environmental Reclamation

This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

### Crime Victim Reparation

This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

### Universal Telephone Services

This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

### Consumer Education Fund

This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

### Rural Development Fund

This fund promotes various programs in rural areas of the State including construction of communications systems

and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

### State Capitol Fund

This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

### Miscellaneous Special Revenue

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

### Capital Projects – General Government

This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

### Capital Projects – State Building Ownership

#### Authority (Blended Component Unit)

(Blended Component Unit)

This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

### Debt Service – General Government

This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

### Debt Service – State Building Ownership

#### Authority (Blended Component Unit)

This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.



**Combining Balance Sheet  
Nonmajor Governmental Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>State Endowment</b>	<b>Environmental Reclamation</b>	<b>Crime Victim Reparation</b>	<b>Universal Telephone Services</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ —	\$ 1,121	\$ 1,379	\$ 5,206
Investments .....	106,727	21,418	3,456	—
Receivables:				
Accounts, net .....	7,866	2	—	—
Accrued Interest .....	—	—	—	—
Due From Other Funds .....	—	—	461	—
Due From Component Units .....	—	—	—	—
Total Assets .....	<u>\$ 114,593</u>	<u>\$ 22,541</u>	<u>\$ 5,296</u>	<u>\$ 5,206</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ —	\$ 197	\$ 86	\$ 587
Due To Other Funds .....	—	1	—	159
Due To Component Units .....	—	—	—	—
Deferred Revenue .....	7,866	—	—	—
Total Liabilities .....	<u>7,866</u>	<u>198</u>	<u>86</u>	<u>746</u>
Fund Balances:				
Restricted .....	—	19,940	—	4,460
Committed .....	106,727	2,403	5,210	—
Assigned .....	—	—	—	—
Total Fund Balances .....	<u>106,727</u>	<u>22,343</u>	<u>5,210</u>	<u>4,460</u>
Total Liabilities and Fund Balances .....	<u>\$ 114,593</u>	<u>\$ 22,541</u>	<u>\$ 5,296</u>	<u>\$ 5,206</u>

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ 345 3,591	\$ 5,532 36,974	\$ 203 1,260	\$ 4,274 18,464	\$ 92,533 82,475	\$ 1,153 111,556
14	—	—	528	55	—
—	—	—	—	—	56
14	—	27	75	2,325	—
—	—	—	—	22,552	—
<u>\$ 3,964</u>	<u>\$ 42,506</u>	<u>\$ 1,490</u>	<u>\$ 23,341</u>	<u>\$ 199,940</u>	<u>\$ 112,765</u>
\$ 204 50 — —	\$ 177 2,909 — —	\$ 32 6 — 3	\$ 959 936 — 11,184	\$ 34,229 3,381 — —	\$ 1,753 32,408 7,756 —
<u>254</u>	<u>3,086</u>	<u>41</u>	<u>13,079</u>	<u>37,610</u>	<u>41,917</u>
— 3,710 —	— 39,420 —	1,053 396 —	7,236 2,987 39	80,989 — 81,341	70,848 — —
<u>3,710</u>	<u>39,420</u>	<u>1,449</u>	<u>10,262</u>	<u>162,330</u>	<u>70,848</u>
<u>\$ 3,964</u>	<u>\$ 42,506</u>	<u>\$ 1,490</u>	<u>\$ 23,341</u>	<u>\$ 199,940</u>	<u>\$ 112,765</u>

Continues

**Combining Balance Sheet  
Nonmajor Governmental Funds****Continued**

June 30, 2010

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total</b>
	<b>General</b>	<b>State Building</b>	<b>Nonmajor</b>
	<b>Government</b>	<b>Ownership</b>	<b>Governmental</b>
		<b>Authority</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 53,890	\$ 4,624	\$ 170,260
Investments .....	4,257	22,439	412,617
Receivables:			
Accounts, net .....	—	—	8,465
Accrued Interest .....	—	10	66
Due From Other Funds .....	—	—	2,902
Due From Component Units .....	—	1,235	23,787
Total Assets .....	<u>\$ 58,147</u>	<u>\$ 28,308</u>	<u>\$ 618,097</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities .....	\$ 53,214	\$ 991	\$ 92,429
Due To Other Funds .....	85	10,538	50,473
Due To Component Units .....	—	—	7,756
Deferred Revenue .....	—	1,235	20,288
Total Liabilities .....	<u>53,299</u>	<u>12,764</u>	<u>170,946</u>
Fund Balances:			
Restricted .....	—	9,884	194,410
Committed .....	—	—	160,853
Assigned .....	4,848	5,660	91,888
Total Fund Balances .....	<u>4,848</u>	<u>15,544</u>	<u>447,151</u>
Total Liabilities and Fund Balances .....	<u>\$ 58,147</u>	<u>\$ 28,308</u>	<u>\$ 618,097</u>



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**Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
<b>REVENUES</b>				
Taxes:				
Sales and Use Tax .....	\$ —	\$ —	\$ —	\$ —
Other Taxes .....	—	—	—	—
Total Taxes .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Revenues:				
Federal Contracts and Grants .....	—	—	3,081	—
Charges for Services .....	—	2,627	7,282	3,776
Intergovernmental .....	—	—	—	—
Investment Income .....	4,196	201	31	—
Miscellaneous and Other .....	15,277	5	—	—
Total Revenues .....	<u>19,473</u>	<u>2,833</u>	<u>10,394</u>	<u>3,776</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	—	—	5,963	—
Human Services and Youth Corrections .....	—	—	—	—
Corrections, Adult .....	—	—	—	—
Public Safety .....	—	—	—	—
Health and Environmental Quality .....	—	3,864	—	—
Higher Education – Colleges and Universities .....	—	—	—	—
Employment and Family Services .....	—	—	—	—
Natural Resources .....	—	—	—	—
Community and Culture .....	—	—	—	—
Business, Labor, and Agriculture .....	—	566	—	6,374
Public Education .....	—	—	—	—
Transportation .....	—	—	—	—
Capital Outlay .....	—	—	—	—
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	<u>0</u>	<u>4,430</u>	<u>5,963</u>	<u>6,374</u>
Excess Revenues Over (Under) Expenditures .....	<u>19,473</u>	<u>(1,597)</u>	<u>4,431</u>	<u>(2,598)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General Obligation Bonds Issued .....	—	—	—	—
Revenue Bonds Issued .....	—	—	—	—
Premium on Bonds Issued .....	—	—	—	—
Transfers In .....	581	—	—	—
Transfers Out .....	—	(3,716)	(3,716)	(950)
Total Other Financing Sources (Uses) .....	<u>581</u>	<u>(3,716)</u>	<u>(3,716)</u>	<u>(950)</u>
Net Change in Fund Balances .....	<u>20,054</u>	<u>(5,313)</u>	<u>715</u>	<u>(3,548)</u>
Fund Balances – Beginning .....	79,480	27,656	4,495	8,008
Adjustment to Beginning Fund Balances .....	7,193	—	—	—
Fund Balances – Beginning as Adjusted .....	<u>86,673</u>	<u>27,656</u>	<u>4,495</u>	<u>8,008</u>
Fund Balances – Ending .....	<u>\$ 106,727</u>	<u>\$ 22,343</u>	<u>\$ 5,210</u>	<u>\$ 4,460</u>

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ —	\$ —	\$ —	\$ 3,808	\$ —	\$ —
—	7,161	—	—	—	—
0	7,161	0	3,808	0	0
—	—	—	3,035	—	—
6,019	—	539	1,062	—	—
—	—	—	—	28,659	—
29	318	11	482	1,229	417
—	—	44	3,162	916	9
6,048	7,479	594	11,549	30,804	426
—	—	427	6,947	12,180	—
—	—	—	402	1,189	—
—	—	—	26	3,150	—
—	—	—	2,517	2,900	—
—	—	—	10	1,744	—
—	—	—	—	18,397	—
—	—	—	2	267	—
—	—	—	—	2,701	—
—	6,262	—	1,016	82	—
2,621	—	—	13	21	—
—	—	—	32	55	—
—	—	—	1	365	—
—	—	—	—	217,249	18,250
—	—	—	—	—	—
—	—	—	—	—	—
2,621	6,262	427	10,966	260,300	18,250
3,427	1,217	167	583	(229,496)	(17,824)
—	—	—	—	126,780	—
—	—	—	—	—	90,000
—	—	—	—	9,188	382
—	—	—	80	50,964	—
(2,534)	—	—	(415)	(5,073)	(429)
(2,534)	0	0	(335)	181,859	89,953
893	1,217	167	248	(47,637)	72,129
2,817	38,203	1,282	13,278	209,967	(1,281)
—	—	—	(3,264)	—	—
2,817	38,203	1,282	10,014	209,967	(1,281)
\$ 3,710	\$ 39,420	\$ 1,449	\$ 10,262	\$ 162,330	\$ 70,848

Continues

**Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total</b>
	<b>General</b>	<b>State Building</b>	<b>Nonmajor</b>
	<b>Government</b>	<b>Ownership</b>	<b>Governmental</b>
		<b>Authority</b>	<b>Funds</b>
<b>REVENUES</b>			
Taxes:			
Sales and Use Tax .....	\$ —	\$ —	\$ 3,808
Other Taxes .....	—	—	7,161
Total Taxes .....	<u>0</u>	<u>0</u>	<u>10,969</u>
Other Revenues:			
Federal Contracts and Grants .....	5,844	1,194	13,154
Charges for Services .....	—	—	21,305
Intergovernmental .....	—	—	28,659
Investment Income .....	24	82	7,020
Miscellaneous and Other .....	—	20,725	40,138
Total Revenues .....	<u>5,868</u>	<u>22,001</u>	<u>121,245</u>
<b>EXPENDITURES</b>			
Current:			
General Government .....	—	—	25,517
Human Services and Youth Corrections .....	—	—	1,591
Corrections, Adult .....	—	—	3,176
Public Safety .....	—	—	5,417
Health and Environmental Quality .....	—	—	5,618
Higher Education – Colleges and Universities .....	—	—	18,397
Employment and Family Services .....	—	—	269
Natural Resources .....	—	—	2,701
Community and Culture .....	—	—	7,360
Business, Labor, and Agriculture .....	—	—	9,595
Public Education .....	—	—	87
Transportation .....	—	—	366
Capital Outlay .....	—	—	235,499
Debt Service:			
Principal Retirement .....	175,490	13,551	189,041
Interest and Other Charges .....	101,665	12,211	113,876
Total Expenditures .....	<u>277,155</u>	<u>25,762</u>	<u>618,510</u>
Excess Revenues Over (Under) Expenditures .....	<u>(271,287)</u>	<u>(3,761)</u>	<u>(497,265)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
General Obligation Bonds Issued .....	—	—	126,780
Revenue Bonds Issued .....	—	11,595	101,595
Premium on Bonds Issued .....	5,485	1,288	16,343
Transfers In .....	265,809	652	318,086
Transfers Out .....	(369)	—	(17,202)
Total Other Financing Sources (Uses) .....	<u>270,925</u>	<u>13,535</u>	<u>545,602</u>
Net Change in Fund Balances .....	<u>(362)</u>	<u>9,774</u>	<u>48,337</u>
Fund Balances – Beginning .....	5,210	5,770	394,885
Adjustment to Beginning Fund Balances .....	—	—	3,929
Fund Balances – Beginning as Adjusted .....	<u>5,210</u>	<u>5,770</u>	<u>398,814</u>
Fund Balances – Ending .....	<u>\$ 4,848</u>	<u>\$ 15,544</u>	<u>\$ 447,151</u>

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**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT					
Legislature					
237	Senate .....	\$ 2,905	\$ —	\$ —	\$ 2,905
238	House .....	4,748	—	—	4,748
241	Printing .....	620	—	185	805
242	Research and General Counsel .....	8,031	—	—	8,031
243	Tax Review Commission .....	51	—	—	51
244	Constitutional Revision Commission .....	56	—	—	56
240	Fiscal Analyst .....	3,804	—	—	3,804
239	Auditor General .....	3,697	—	—	3,697
	Total Legislature .....	23,912	0	185	24,097
Elected Officials					
6	State Treasurer .....	\$ 2,841	\$ —	\$ 363	\$ 3,204
1	GOV – Administrative Office .....	5,919	3	616	6,538
3	GOV – Planning and Budget .....	5,030	8,000	128	13,158
—	GOV – Lt. Governor Character Education .....	93	—	—	93
4	GOV – Criminal and Juvenile Justice .....	9,710	12,572	81	22,363
2	GOV – Emergency and Contingency Fund .....	100	—	—	100
—	GOV – LaRay McAllister Program .....	3,989	—	—	3,989
87	GOV – Pete Suazo Athletic Commission .....	166	—	36	202
84	GOV – Economic Development Administration .....	3,551	—	—	3,551
85	GOV – Office of Tourism .....	17,512	—	173	17,685
86	GOV – Business Development .....	12,504	300	—	12,804
—	GOV – Industrial Assistance Fund .....	3,156	—	—	3,156
88	U STAR .....	22,388	15,884	10	38,282
7	Attorney General .....	26,560	1,872	19,445	47,877
8	AG – Contract Attorneys .....	77	—	598	675
10	AG – Prosecution Council .....	625	—	272	897
11	AG – Domestic Violence .....	78	—	—	78
9	AG – Children's Justice Centers .....	3,122	168	151	3,441
5	State Auditor .....	3,597	—	1,527	5,124
	Total Elected Officials .....	121,018	38,799	23,400	183,217
Government Operations					
31	Capitol Preservation Board .....	\$ 3,620	\$ —	\$ —	\$ 3,620
32	Department of Administrative Services .....	18,531	—	2,089	20,620
38	DAS – Post Conviction Indigent Defense Fund .....	228	—	—	228
37	DAS – Finance Mandated .....	24,866	—	—	24,866
39	DAS – Judicial Conduct Commission .....	322	—	—	322
71	Tax Commission – Administration .....	63,318	490	12,735	76,543
72	TAX – License Plates Production .....	2,792	—	1,878	4,670
73	TAX – Liquor Profit Distribution .....	5,623	—	—	5,623
—	DAS – Rural Health Care .....	555	—	—	555
45	Human Resource Management .....	3,525	—	143	3,668
47	Career Service Review Board .....	241	—	—	241
48	DTS Chief Information Officer .....	514	—	142	656

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 2,029	\$ —	\$ —	\$ 876	237
3,272	—	—	1,476	238
707	—	—	98	241
6,988	—	—	1,043	242
48	—	—	3	243
53	—	—	3	244
2,411	—	—	1,393	240
3,100	—	—	597	239
<u>18,608</u>	<u>0</u>	<u>0</u>	<u>5,489</u>	
\$ 2,363	\$ 196	\$ 200	\$ 445	6
4,835	—	—	1,703	1
11,876	—	—	1,282	3
75	18	—	—	—
19,141	—	637	2,585	4
—	—	—	100	2
1,463	—	—	2,526	—
181	—	—	21	87
3,252	81	—	218	84
12,229	55	—	5,401	85
10,070	99	—	2,635	86
3,156	—	—	—	—
21,537	—	—	16,745	88
45,054	—	2	2,821	7
612	—	—	63	8
798	—	—	99	10
78	—	—	—	11
3,014	—	—	427	9
4,896	—	—	228	5
<u>144,630</u>	<u>449</u>	<u>839</u>	<u>37,299</u>	
\$ 3,620	\$ —	\$ —	\$ —	31
18,924	—	13	1,683	32
113	—	—	115	38
24,187	—	679	—	37
222	22	—	78	39
70,915	—	593	5,035	71
1,805	—	—	2,865	72
5,623	—	—	—	73
471	—	84	—	—
2,909	299	—	460	45
217	9	—	15	47
627	—	—	29	48

Continues

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT (Continued)					
49	DTS Automated Geographic Reference Center .....	2,187	805	759	3,751
	Total Government Operations .....	126,322	1,295	17,746	145,363
	Total General Government .....	\$ 271,252	\$ 40,094	\$ 41,331	\$ 352,677
HUMAN SERVICES					
104	Department of Human Services .....	\$ 7,976	\$ 6,705	\$ 1,457	\$ 16,138
105	Substance Abuse and Mental Health .....	87,624	23,997	18,804	130,425
106	Services for People with Disabilities .....	38,975	1,889	162,952	203,816
107	Recovery Services .....	13,201	29,680	5,855	48,736
108	Child and Family Services .....	99,666	48,358	21,389	169,413
18	Juvenile Justice Services .....	81,006	2,069	19,039	102,114
109	Aging and Adult Services .....	12,461	11,125	(180)	23,406
	Total Human Services .....	\$ 340,909	\$ 123,823	\$ 229,316	\$ 694,048
CORRECTIONS					
Department of Corrections					
12	Corrections – Programs and Operations .....	\$ 189,748	\$ 1,072	\$ 4,743	\$ 195,563
13	DOC Medical Services .....	22,864	—	419	23,283
15	Jail Contracting .....	21,540	11	—	21,551
	Total Department of Corrections .....	234,152	1,083	5,162	240,397
Board of Pardons and Parole					
17	Board of Pardons and Parole .....	\$ 3,786	\$ —	\$ 1	\$ 3,787
	Total Board of Pardons and Parole .....	3,786	0	1	3,787
	Total Corrections .....	\$ 237,938	\$ 1,083	\$ 5,163	\$ 244,184
PUBLIC SAFETY					
Department of Public Safety					
24	Programs and Operations .....	\$ 91,473	\$ 1,260	\$ 19,212	\$ 111,945
25	Emergency Services and Homeland Security .....	2,449	23,683	316	26,448
26	Peace Officer's Standards and Training .....	3,539	—	34	3,573
27	Liquor Law Enforcement .....	2,367	—	—	2,367
28	Driver License .....	39,118	315	61	39,494
29	Highway Safety .....	941	5,396	264	6,601
	Total Department of Public Safety .....	139,887	30,654	19,887	190,428
Utah National Guard					
219	Utah National Guard Administration .....	\$ 5,603	\$ 34,587	\$ (73)	\$ 40,117
	Total Utah National Guard .....	5,603	34,587	(73)	40,117
Department of Veteran's Affairs					
220	Veteran's Affairs .....	\$ 1,322	\$ 162	\$ 201	\$ 1,685
	Total Department of Veteran's Affairs .....	1,322	162	201	1,685
	Total Public Safety .....	\$ 146,812	\$ 65,403	\$ 20,015	\$ 232,230



<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
3,051	—	36	664	49
132,684	330	1,405	10,944	
<u>\$ 295,922</u>	<u>\$ 779</u>	<u>\$ 2,244</u>	<u>\$ 53,732</u>	
\$ 15,531	\$ 607	\$ —	\$ —	104
128,467	1,810	33	115	105
203,799	—	—	17	106
48,735	1	—	—	107
157,246	7,439	964	3,764	108
100,006	608	—	1,500	18
23,136	270	—	—	109
<u>\$ 676,920</u>	<u>\$ 10,735</u>	<u>\$ 997</u>	<u>\$ 5,396</u>	
\$ 186,301	\$ —	\$ 1,107	\$ 8,155	12
22,646	—	—	637	13
20,098	—	—	1,453	15
<u>229,045</u>	<u>0</u>	<u>1,107</u>	<u>10,245</u>	
\$ 3,703	\$ —	\$ —	\$ 84	17
3,703	0	0	84	
<u>\$ 232,748</u>	<u>\$ 0</u>	<u>\$ 1,107</u>	<u>\$ 10,329</u>	
\$ 90,645	\$ 1,948	\$ 1,460	\$ 17,892	24
25,032	—	1,416	—	25
3,368	—	5	200	26
1,687	—	—	680	27
27,272	—	1,684	10,538	28
6,402	—	—	199	29
<u>154,406</u>	<u>1,948</u>	<u>4,565</u>	<u>29,509</u>	
\$ 40,071	\$ —	\$ —	\$ 46	219
<u>40,071</u>	<u>0</u>	<u>0</u>	<u>46</u>	
\$ 1,679	\$ —	\$ —	\$ 6	220
1,679	0	0	6	
<u>\$ 196,156</u>	<u>\$ 1,948</u>	<u>\$ 4,565</u>	<u>\$ 29,561</u>	

Continues

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
STATE COURTS					
19	Judicial Council .....	\$ 99,032	\$ 490	\$ 3,345	\$ 102,867
20	Grand Jury .....	1	—	—	1
21	Contracts and Leases .....	19,432	—	11,396	30,828
22	Jury and Witness Fees .....	1,524	—	12	1,536
23	Guardian Ad Litem .....	5,908	—	593	6,501
	Total State Courts .....	<u>\$ 125,897</u>	<u>\$ 490</u>	<u>\$ 15,346</u>	<u>\$ 141,733</u>
HEALTH and ENVIRONMENTAL QUALITY					
93	Department of Health .....	\$ 7,535	\$ 24,706	\$ 3,080	\$ 35,321
94	Health System Improvements .....	5,470	3,760	6,372	15,602
96	Epidemiology and Laboratory Services .....	5,886	8,665	9,948	24,499
97	Community and Family Health Services .....	22,452	72,694	20,891	116,037
98	Health Care Financing .....	5,095	54,371	41,333	100,799
99	Medical Manditory Services .....	193,402	774,378	13,726	981,506
100	Medicaid Optional Services .....	69,897	582,534	168,918	821,349
102	Local Health Department .....	2,310	—	—	2,310
101	Children's Health Insurance Program .....	16,526	60,048	2,334	78,908
95	Workforce Assistance .....	623	42	—	665
—	Commodities .....	—	25,523	—	25,523
221	Environmental Quality .....	22,723	20,382	10,087	53,192
	Total Health and Environmental Quality .....	<u>\$ 351,919</u>	<u>\$ 1,627,103</u>	<u>\$ 276,689</u>	<u>\$ 2,255,711</u>
HIGHER EDUCATION					
151	Board of Regents .....	\$ 2,804	\$ 911	\$ —	\$ 3,715
—	REG - Student Support .....	1,937	—	—	1,937
154	REG – Economic Development .....	446	—	—	446
152	REG – Student Assistance .....	13,423	1,031	—	14,454
—	REG – Articulation Support .....	264	—	—	264
160	REG – Technology .....	8,002	—	—	8,002
—	REG – Cluster Acceleration Partnership .....	—	—	900	900
111	U of U – Education and General .....	194,099	15,882	158,356	368,337
112	U of U – Educationally Disadvantaged .....	711	—	—	711
113	U of U – School of Medicine .....	21,606	—	13,879	35,485
114	U of U – University Hospital .....	4,754	—	—	4,754
115	U of U – Regional Dental Education .....	551	—	245	796
119	U of U – Tele Health Network .....	475	—	—	475
116	U of U – Public Service .....	1,793	—	—	1,793
117	U of U – Statewide TV Administration .....	2,501	—	—	2,501

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 97,692	\$ 1,996	\$ 1,171	\$ 2,008	19
1	—	—	—	20
30,480	—	—	348	21
2,131	—	—	(595)	22
6,038	—	—	463	23
<u>\$ 136,342</u>	<u>\$ 1,996</u>	<u>\$ 1,171</u>	<u>\$ 2,224</u>	
\$ 35,135	\$ 81	\$ 105	\$ —	93
14,313	113	—	1,176	94
24,177	—	101	221	96
115,130	73	334	500	97
100,307	—	—	492	98
976,642	—	1,156	3,708	99
807,236	—	124	13,989	100
2,310	—	—	—	102
77,002	—	1,906	—	101
325	—	—	340	95
25,523	—	—	—	—
49,445	—	3,585	162	221
<u>\$ 2,227,545</u>	<u>\$ 267</u>	<u>\$ 7,311</u>	<u>\$ 20,588</u>	
\$ 3,715	\$ —	\$ —	\$ —	151
1,937	—	—	—	—
446	—	—	—	154
14,454	—	—	—	152
264	—	—	—	—
8,002	—	—	—	160
900	—	—	—	—
368,337	—	—	—	111
711	—	—	—	112
35,485	—	—	—	113
4,754	—	—	—	114
796	—	—	—	115
475	—	—	—	119
1,793	—	—	—	116
2,501	—	—	—	117

Continues

**Detail Schedule of Expenditures**  
**Budget and Actual Comparison**  
**General Fund**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HIGHER EDUCATION (Continued)					
—	U of U – Occupational Health .....	150	—	—	150
118	U of U – Poison Control Center .....	—	—	2,365	2,365
121	USU – Education and General .....	97,635	9,843	59,779	167,257
122	USU – Educationally Disadvantaged .....	244	—	—	244
127	USU – Water Research Laboratory .....	4,832	—	—	4,832
128	USU – Agricultural Experiment Station .....	12,423	3,732	—	16,155
129	USU – Cooperative Extension Service .....	12,419	2,270	—	14,689
123	USU – Uintah Basin CEC .....	4,100	—	1,863	5,963
124	USU – Southeastern Utah CEC .....	676	—	669	1,345
125	USU – Brigham City CEC .....	3,464	—	12,896	16,360
126	USU – Tooele CEC .....	1,822	—	5,967	7,789
130	Weber – Education and General .....	59,489	4,219	48,099	111,807
131	Weber – Educationally Disadvantaged .....	371	—	—	371
132	SUU – Education and General .....	28,210	2,051	26,157	56,418
133	SUU – Educationally Disadvantaged .....	98	—	—	98
134	SUU – Shakespeare Festival .....	24	—	—	24
135	SUU – Rural Development .....	105	—	—	105
138	Snow College – Education and General .....	17,205	1,473	6,835	25,513
139	Snow College – Educationally Disadvantaged .....	32	—	—	32
140	Snow College Applied Technology .....	1,264	—	—	1,264
141	Dixie – Education and General .....	19,686	1,468	16,676	37,830
142	Dixie – Educationally Disadvantaged .....	28	—	—	28
143	Dixie – Zion Park Amphitheatre .....	56	—	—	56
144	CEU – Education and General .....	12,518	1,184	2,957	16,659
145	CEU – Educationally Disadvantaged .....	114	—	—	114
146	CEU – Prehistoric Museum .....	281	—	—	281
147	CEU – San Juan Center .....	2,374	—	1,035	3,409
136	UVU – Education and General .....	46,177	14,178	77,999	138,354
137	UVU – Educationally Disadvantaged .....	158	—	—	158
148	SLCC – Education and General .....	53,721	4,049	52,204	109,974
149	SLCC – Educationally Disadvantaged .....	178	—	—	178
150	SLCC – Skill Center .....	6,235	282	1,723	8,240
163	Utah College of Applied Technology .....	5,056	424	—	5,480
164	UCAT Bridgerland .....	8,456	614	1,308	10,378
165	UCAT Davis .....	8,866	601	1,969	11,436
168	UCAT Ogden/Weber .....	9,531	715	1,958	12,204
171	UCAT Uintah Basin .....	4,652	338	508	5,498
167	UCAT Mountainlands .....	4,318	334	714	5,366
170	UCAT Southwest .....	2,130	169	161	2,460
166	UCAT Dixie .....	1,936	143	210	2,289
169	UCAT Tooele .....	1,042	—	115	1,157
172	Utah Education Network .....	18,718	—	—	18,718
173	Medical Education Council .....	1,261	—	3,073	4,334
	Total Higher Education .....	\$ 705,421	\$ 65,911	\$ 500,620	\$ 1,271,952

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
150	—	—	—	—
2,365	—	—	—	118
167,257	—	—	—	121
244	—	—	—	122
4,822	—	10	—	127
16,155	—	—	—	128
14,689	—	—	—	129
5,963	—	—	—	123
1,345	—	—	—	124
16,360	—	—	—	125
7,789	—	—	—	126
111,807	—	—	—	130
371	—	—	—	131
56,418	—	—	—	132
98	—	—	—	133
24	—	—	—	134
105	—	—	—	135
25,513	—	—	—	138
32	—	—	—	139
1,264	—	—	—	140
37,830	—	—	—	141
28	—	—	—	142
56	—	—	—	143
16,659	—	—	—	144
114	—	—	—	145
281	—	—	—	146
3,409	—	—	—	147
138,354	—	—	—	136
158	—	—	—	137
109,974	—	—	—	148
178	—	—	—	149
8,240	—	—	—	150
5,480	—	—	—	163
10,378	—	—	—	164
11,436	—	—	—	165
12,204	—	—	—	168
5,498	—	—	—	171
5,366	—	—	—	167
2,460	—	—	—	170
2,289	—	—	—	166
1,157	—	—	—	169
18,718	—	—	—	172
3,648	—	—	686	173
<u>\$ 1,271,256</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 686</u>	

Continues

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances .....	\$ —	\$ 349,759	\$ —	\$ 349,759
54	Department of Workforce Services .....	72,692	240,722	30,856	344,270
	Total Workforce Services .....	<u>\$ 72,692</u>	<u>\$ 590,481</u>	<u>\$ 30,856</u>	<u>\$ 694,029</u>
NATURAL RESOURCES					
174	Department of Natural Resources .....	\$ 3,307	\$ —	\$ —	\$ 3,307
176	Rent, Utilities, and Fixtures .....	1,631	—	—	1,631
178	Forestry, Fire, and State Lands .....	10,151	7,043	7,120	24,314
179	Oil, Gas, and Mining .....	6,156	4,309	155	10,620
180	Wildlife Resources .....	37,965	10,972	289	49,226
175	Species Protection .....	1,863	—	2,450	4,313
177	Watershed Development .....	2,107	—	500	2,607
183	Contributed Research .....	—	—	1,424	1,424
184	Cooperative Environmental Studies .....	—	8,412	8,594	17,006
186	Parks and Recreation .....	29,745	1,588	568	31,901
187	Parks and Recreation – Capital Development .....	8,107	1,385	684	10,176
188	Utah Geological Survey .....	8,698	3,318	903	12,919
189	Water Resources .....	5,573	—	150	5,723
185	Wildlife Resources – Capital Development .....	2,705	1,128	—	3,833
191	Water Rights .....	7,246	50	1,345	8,641
192	Public Lands Policy Office .....	3,681	—	—	3,681
	Total Natural Resources .....	<u>\$ 128,935</u>	<u>\$ 38,205</u>	<u>\$ 24,182</u>	<u>\$ 191,322</u>
COMMUNITY AND CULTURE					
74	Community and Culture .....	\$ 5,191	\$ —	\$ —	\$ 5,191
80	Indian Affairs .....	407	—	23	430
76	State History .....	2,086	717	100	2,903
75	Historical Society .....	212	—	80	292
77	Fine Arts .....	4,124	920	1,399	6,443
78	Museum Services .....	313	—	—	313
79	State Library .....	4,644	1,341	2,066	8,051
81	Community Development .....	8,058	85,825	1,687	95,570
82	Community Development Capital .....	53,949	—	—	53,949
83	Zoos .....	1,019	—	—	1,019
—	Housing Loans .....	71	—	—	71
	Total Community and Culture .....	<u>\$ 80,074</u>	<u>\$ 88,803</u>	<u>\$ 5,355</u>	<u>\$ 174,232</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 349,759	\$ —	\$ —	\$ —	—
336,804	4,851	2,568	47	54
<u>\$ 686,563</u>	<u>\$ 4,851</u>	<u>\$ 2,568</u>	<u>\$ 47</u>	
\$ 3,087	\$ —	\$ —	\$ 220	174
1,631	—	—	—	176
21,271	—	100	2,943	178
8,780	—	546	1,294	179
46,415	—	2,811	—	180
4,133	1	179	—	175
1,920	—	—	687	177
1,424	—	—	—	183
17,006	—	—	—	184
30,104	—	1,375	422	186
3,755	—	—	6,421	187
10,024	—	1,319	1,576	188
5,499	—	224	—	189
1,398	—	1,635	800	185
8,345	—	—	296	191
1,588	—	1,693	400	192
<u>\$ 166,380</u>	<u>\$ 1</u>	<u>\$ 9,882</u>	<u>\$ 15,059</u>	
\$ 4,434	\$ 2	\$ —	\$ 755	74
389	—	—	41	80
2,903	—	—	—	76
110	—	—	182	75
4,678	—	—	1,765	77
313	—	—	—	78
7,816	—	—	235	79
95,553	3	9	5	81
53,949	—	—	—	82
1,019	—	—	—	83
71	—	—	—	—
<u>\$ 171,235</u>	<u>\$ 5</u>	<u>\$ 9</u>	<u>\$ 2,983</u>	

Continues

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund****Continued**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
BUSINESS, LABOR, and AGRICULTURE					
194	Department of Agriculture and Food .....	\$ 11,426	\$ 5,758	\$ 4,853	\$ 22,037
195	AGR – Building Operations .....	305	—	—	305
196	AGR – Utah State Fair .....	739	—	—	739
197	AGR – Predatory Animal Control .....	1,468	—	457	1,925
—	AGR – Invasive Species Mitigation .....	1,101	—	—	1,101
—	AGR – Rangeland Improvement .....	4,046	—	—	4,046
198	AGR – Resource Conservation .....	1,661	—	—	1,661
57	Labor Commission .....	8,891	2,883	19	11,793
58	Department of Commerce .....	23,519	294	795	24,608
59	COM/Public Utilities – Professional Services .....	1,392	—	—	1,392
60	COM/Consumer Services – Professional Services ...	2,238	—	—	2,238
61	Financial Institutions .....	5,875	—	—	5,875
62	Insurance Department .....	6,602	—	2,831	9,433
63	Comprehensive Health Insurance Pool .....	8,500	—	—	8,500
64	Bail Bond Program .....	24	—	—	24
65	Title Insurance Program .....	18	—	70	88
66	Public Service Commission .....	1,918	414	150	2,482
68	PSC – Speech and Hearing Impaired .....	1,635	—	1,147	2,782
	Total Business, Labor, and Agriculture .....	<u>\$ 81,358</u>	<u>\$ 9,349</u>	<u>\$ 10,322</u>	<u>\$ 101,029</u>
TOTAL GENERAL FUND					
	Total Expenditures .....	<u>\$ 2,543,207</u>	<u>\$ 2,650,745</u>	<u>\$ 1,159,195</u>	<u>\$ 6,353,147</u>



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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 19,903	\$ 444	\$ 93	\$ 1,597	194
305	—	—	—	195
739	—	—	—	196
1,359	86	330	150	197
717	—	4	380	—
1,366	—	1,334	1,346	—
1,616	—	2	43	198
11,242	5	546	—	57
21,790	—	620	2,198	58
535	—	—	857	59
581	—	—	1,657	60
5,734	—	141	—	61
8,556	—	594	283	62
8,500	—	—	—	63
22	—	2	—	64
88	—	—	—	65
2,482	—	—	—	66
1,668	—	—	1,114	68
<u>\$ 87,203</u>	<u>\$ 535</u>	<u>\$ 3,666</u>	<u>\$ 9,625</u>	
 <u>\$ 6,148,270</u>	 <u>\$ 21,117</u>	 <u>\$ 33,530</u>	 <u>\$ 150,230</u>	

**Detail Schedule of Expenditures—Budget and Actual Comparison**  
**Education Fund, Transportation Fund,**  
**Transportation Investment Fund, and Debt Service Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
EDUCATION FUND					
Office of Education					
208	State Office of Education .....	\$ 38,905	\$ 256,414	\$ 7,351	\$ 302,670
55	State Office of Rehabilitation .....	17,881	46,182	1,100	65,163
—	Minimum School Program .....	2,286,784	112,793	88	2,399,665
212	Child Nutrition .....	136	124,838	27,913	152,887
213	Fine Arts Outreach .....	2,703	—	—	2,703
214	Educational Contracts .....	3,083	—	—	3,083
210	Charter School Board .....	564	4,462	—	5,026
215	Science Outreach .....	1,655	—	—	1,655
211	Educator Licensing .....	1,594	—	—	1,594
209	Initiative Programs .....	8,174	—	—	8,174
—	Commodities .....	—	16,315	—	16,315
218	Indirect Cost Pool .....	176	—	4,368	4,544
—	Teacher Salary Supplement .....	3,718	—	—	3,718
	Total Office of Education .....	2,365,373	561,004	40,820	2,967,197
Schools for the Deaf and the Blind					
216	Schools for the Deaf and the Blind .....	\$ 21,264	\$ 170	\$ 6,498	\$ 27,932
217	Institutional Council .....	—	—	538	538
	Total Schools for the Deaf and the Blind .....	21,264	170	7,036	28,470
	Total Education Fund .....	\$ 2,386,637	\$ 561,174	\$ 47,856	\$ 2,995,667
TRANSPORTATION FUND					
224	Support Services .....	\$ 27,708	\$ 1,451	\$ —	\$ 29,159
225	Engineering Services .....	16,380	17,949	1,762	36,091
226	Maintenance Management .....	127,494	8,590	2,007	138,091
227	Construction Management .....	224,137	390,366	115,508	730,011
228	Region Management .....	21,819	3,227	1,314	26,360
229	Equipment Management .....	253	—	26,483	26,736
230	Aeronautics .....	7,282	236	40,158	47,676
231	B and C Roads .....	119,866	—	—	119,866
232	Safe Sidewalk Construction .....	579	—	—	579
233	Mineral Lease .....	51,729	—	—	51,729
—	Corridor Preservation .....	14,759	—	—	14,759
—	Tollway .....	764	—	—	764
—	Counties of the 1st Class .....	32,700	—	—	32,700
—	Nonappropriated .....	—	—	2,399	2,399
	Total Transportation Fund .....	\$ 645,470	\$ 421,819	\$ 189,631	\$ 1,256,920
TRANSPORTATION INVESTMENT FUND					
234	Centennial Highway Program .....	\$ 470,215	\$ —	\$ (268)	\$ 469,947
235	Critical Highway Needs .....	355,352	—	—	355,352
	Total Transportation Investment Fund .....	\$ 825,567	\$ 0	\$ (268)	\$ 825,299
DEBT SERVICE FUNDS					
—	General Government .....	\$ 267,134	\$ 5,844	\$ 9,025	\$ 282,003
—	State Building Ownership Authority .....	5,993	1,194	34,119	41,306
	Total Debt Service Funds .....	\$ 273,127	\$ 7,038	\$ 43,144	\$ 323,309

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 290,299	\$ —	\$ 10	\$ 12,361	208
65,163	—	—	—	55
2,356,480	—	101	43,084	—
152,878	—	—	9	212
2,703	—	—	—	213
3,083	—	—	—	214
5,026	—	—	—	210
1,608	—	—	47	215
1,594	—	—	—	211
7,263	—	—	911	209
16,315	—	—	—	—
4,544	—	—	—	218
3,718	—	—	—	—
<u>2,910,674</u>	<u>0</u>	<u>111</u>	<u>56,412</u>	
\$ 27,932	\$ —	\$ —	\$ —	216
538	—	—	—	217
<u>28,470</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>\$ 2,939,144</u>	<u>\$ 0</u>	<u>\$ 111</u>	<u>\$ 56,412</u>	
\$ 27,875	\$ 884	\$ —	\$ 400	224
34,962	929	—	200	225
136,243	—	—	1,848	226
730,011	—	—	—	227
25,232	1,128	—	—	228
26,588	148	—	—	229
46,006	—	1,670	—	230
118,594	1,272	—	—	231
171	—	—	408	232
51,729	—	—	—	233
14,759	—	—	—	—
764	—	—	—	—
32,700	—	—	—	—
864	1,535	—	—	—
<u>\$ 1,246,498</u>	<u>\$ 5,896</u>	<u>\$ 1,670</u>	<u>\$ 2,856</u>	
\$ 416,368	\$ 53,579	\$ —	\$ —	234
355,352	—	—	—	235
<u>\$ 771,720</u>	<u>\$ 53,579</u>	<u>\$ 0</u>	<u>\$ 0</u>	
\$ 277,155	\$ —	\$ —	\$ 4,848	—
25,762	—	—	15,544	—
<u>\$ 302,917</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,392</u>	

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## NONMAJOR ENTERPRISE FUNDS

### **Housing Loan Programs**

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal funds, loan repayments, appropriations, and interest earnings.

### **Agriculture Loan Fund**

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

### **Energy Efficiency Fund**

This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in local school districts and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

### **Petroleum Storage Tank Loan Fund**

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

### **Transportation Infrastructure Loan Fund**

This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

### **Alcoholic Beverage Control**

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

### **Utah Correctional Industries (UCI)**

UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

### **State Trust Lands Administration**

This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

### **Utah Dairy Commission**

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

**Combining Statement Of Net Assets  
Nonmajor Enterprise Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 8,169	\$ 7,581	\$ 5,277	\$ 5,911
Receivables:				
Accounts, net .....	47	—	—	—
Accrued Interest .....	841	670	1	—
Notes/Loans/Mortgages, net .....	4,407	5,885	55	18
Due From Other Funds .....	6	—	—	—
Prepaid Items .....	—	—	—	—
Inventories .....	—	—	—	—
Total Current Assets .....	<u>13,470</u>	<u>14,136</u>	<u>5,333</u>	<u>5,929</u>
Noncurrent Assets:				
Investments .....	767	—	—	—
Accrued Interest Receivable .....	722	—	—	—
Notes/Loans/Mortgages Receivables, net .....	81,960	35,843	477	46
Capital Assets:				
Land .....	—	—	—	—
Infrastructure .....	—	—	—	—
Buildings and Improvements .....	—	—	—	—
Machinery and Equipment .....	—	20	—	—
Intangible Assets—Software .....	—	—	—	—
Construction in Progress .....	—	—	—	—
Less Accumulated Depreciation .....	—	(20)	—	—
Total Capital Assets .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>83,449</u>	<u>35,843</u>	<u>477</u>	<u>46</u>
Total Assets .....	<u>96,919</u>	<u>49,979</u>	<u>5,810</u>	<u>5,975</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	148	22	—	—
Deposits .....	97	(2)	—	—
Due To Other Funds .....	106	12	—	—
Due To Component Units .....	—	—	—	—
Unearned Revenue .....	—	—	—	—
Revenue Bonds Payable .....	—	—	—	—
Total Current Liabilities .....	<u>351</u>	<u>32</u>	<u>0</u>	<u>0</u>
Noncurrent Liabilities:				
Revenue Bonds Payable .....	—	—	—	—
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities .....	<u>351</u>	<u>32</u>	<u>0</u>	<u>0</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	—	—	—	—
Restricted for:				
Loan Programs .....	58,705	4,114	—	—
Unrestricted .....	37,863	45,833	5,810	5,975
Total Net Assets .....	<u>\$ 96,568</u>	<u>\$ 49,947</u>	<u>\$ 5,810</u>	<u>\$ 5,975</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 811	\$ 133	\$ —	\$ 3,780	\$ 610	\$ 32,272
—	3,357	1,148	11,923	203	16,678
—	—	—	—	—	1,512
468	—	—	—	—	10,833
—	35,795	209	32	—	36,042
—	—	—	—	3	3
—	29,910	1,455	—	26	31,391
<u>1,279</u>	<u>69,195</u>	<u>2,812</u>	<u>15,735</u>	<u>842</u>	<u>128,731</u>
—	—	—	—	186	953
—	—	—	—	—	722
2,559	—	—	—	—	120,885
—	21,278	—	263	32	21,573
—	—	304	—	—	304
—	52,558	3,731	233	129	56,651
—	7,997	3,291	1,105	50	12,463
—	172	57	—	—	229
—	5,016	662	—	—	5,678
—	(18,507)	(3,500)	(1,075)	(144)	(23,246)
<u>0</u>	<u>68,514</u>	<u>4,545</u>	<u>526</u>	<u>67</u>	<u>73,652</u>
<u>2,559</u>	<u>68,514</u>	<u>4,545</u>	<u>526</u>	<u>253</u>	<u>196,212</u>
<u>3,838</u>	<u>137,709</u>	<u>7,357</u>	<u>16,261</u>	<u>1,095</u>	<u>324,943</u>
—	9,699	1,035	1,253	21	12,178
—	—	—	—	—	95
—	18,580	329	8,356	—	27,383
—	—	—	1	—	1
—	13	—	3,720	—	3,733
—	3,179	130	—	—	3,309
<u>0</u>	<u>31,471</u>	<u>1,494</u>	<u>13,330</u>	<u>21</u>	<u>46,699</u>
—	93,075	2,106	—	—	95,181
<u>0</u>	<u>93,075</u>	<u>2,106</u>	<u>0</u>	<u>0</u>	<u>95,181</u>
<u>0</u>	<u>124,546</u>	<u>3,600</u>	<u>13,330</u>	<u>21</u>	<u>141,880</u>
—	7,994	2,349	526	67	10,936
3,838	—	—	—	—	66,657
—	5,169	1,408	2,405	1,007	105,470
<u>\$ 3,838</u>	<u>\$ 13,163</u>	<u>\$ 3,757</u>	<u>\$ 2,931</u>	<u>\$ 1,074</u>	<u>\$ 183,063</u>

**Combining Statement Of Revenues, Expenses, And  
Changes In Fund Net Assets  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ —	\$ —	\$ —	\$ —
Fees and Assessments .....	—	—	—	—
Interest on Notes/Mortgages .....	1,540	1,215	1	2
Miscellaneous .....	416	2	—	—
Total Operating Revenues .....	<u>1,956</u>	<u>1,217</u>	<u>1</u>	<u>2</u>
<b>OPERATING EXPENSES</b>				
Administration .....	427	282	—	—
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	1,051	—	190	—
Rentals and Leases .....	—	4	—	—
Maintenance .....	—	—	—	—
Depreciation/Amortization .....	—	—	—	—
Miscellaneous Other:				
Data Processing .....	—	7	—	—
Supplies .....	—	3	—	—
Utilities .....	—	3	—	—
Advertising and Other .....	119	15	—	—
Total Operating Expenses .....	<u>1,597</u>	<u>314</u>	<u>190</u>	<u>0</u>
Operating Income (Loss) .....	<u>359</u>	<u>903</u>	<u>(189)</u>	<u>2</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	40	53	33	53
Federal Grants .....	5,299	—	2,500	—
Gain (Loss) on Sale of Capital Assets .....	—	—	—	—
Tax Revenues .....	—	525	—	—
Interest Expense and Other Charges .....	—	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>5,339</u>	<u>578</u>	<u>2,533</u>	<u>53</u>
Income (Loss) before Transfers .....	5,698	1,481	2,344	55
Transfers In .....	2,296	—	—	—
Transfers Out .....	—	(559)	(2,500)	(151)
Change in Net Assets .....	7,994	922	(156)	(96)
Net Assets – Beginning .....	88,574	49,025	5,966	6,071
Net Assets – Ending .....	<u>\$ 96,568</u>	<u>\$ 49,947</u>	<u>\$ 5,810</u>	<u>\$ 5,975</u>



<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ —	\$ 236,622	\$ 19,227	\$ 19,974	\$ 45	\$ 275,868
—	1,957	—	(2)	2,222	4,177
108	—	—	—	—	2,866
—	188	—	—	61	667
<u>108</u>	<u>238,767</u>	<u>19,227</u>	<u>19,972</u>	<u>2,328</u>	<u>283,578</u>
—	18,421	7,060	6,438	524	33,152
—	148,729	10,511	—	84	159,324
—	—	—	—	—	1,241
—	797	309	767	—	1,877
—	2,495	268	85	—	2,848
—	1,644	182	27	7	1,860
—	1,561	166	209	—	1,943
—	228	488	106	—	825
—	398	97	100	—	598
—	1,747	398	1,059	1,883	5,221
<u>0</u>	<u>176,020</u>	<u>19,479</u>	<u>8,791</u>	<u>2,498</u>	<u>208,889</u>
<u>108</u>	<u>62,747</u>	<u>(252)</u>	<u>11,181</u>	<u>(170)</u>	<u>74,689</u>
3	94	—	4	45	325
—	222	—	—	—	8,021
—	(322)	—	—	—	(322)
—	—	—	—	—	525
—	(4,381)	(118)	—	—	(4,499)
<u>3</u>	<u>(4,387)</u>	<u>(118)</u>	<u>4</u>	<u>45</u>	<u>4,050</u>
111	58,360	(370)	11,185	(125)	78,739
—	2,380	—	—	—	4,676
—	(60,652)	—	(12,082)	—	(75,944)
111	88	(370)	(897)	(125)	7,471
3,727	13,075	4,127	3,828	1,199	175,592
<u>\$ 3,838</u>	<u>\$ 13,163</u>	<u>\$ 3,757</u>	<u>\$ 2,931</u>	<u>\$ 1,074</u>	<u>\$ 183,063</u>

# Combining Statement Of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 1,965	\$ 1,215	\$ 32	\$ 2
Receipts from Loan Maturities .....	2,471	4,003	—	27
Receipts from State Customers .....	—	2	—	—
Payments to Suppliers/Claims/Grants .....	(1,180)	(772)	(190)	—
Disbursements for Loans Receivable .....	(11,286)	(12,007)	(466)	(21)
Payments for Employee Services and Benefits .....	—	(296)	—	—
Payments to State Suppliers .....	(570)	(12)	—	—
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>(8,600)</u>	<u>(7,867)</u>	<u>(624)</u>	<u>8</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Federal Grants and Other Revenues .....	6,083	—	2,500	—
Restricted Sales Tax .....	—	525	—	—
Transfers In from Other Funds .....	2,296	—	—	—
Transfers Out to Other Funds .....	—	(558)	(2,500)	(151)
Net Cash Provided (Used) by Noncapital Financing Activities .....	<u>8,379</u>	<u>(33)</u>	<u>0</u>	<u>(151)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Bond and Note Debt Issuance/Grants .....	—	—	—	—
Principal Paid on Debt and Contract Maturities .....	—	—	—	—
Acquisition and Construction of Capital Assets .....	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	—
Transfers In from Other Funds .....	—	—	—	—
Transfers Out to Other Funds .....	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	—	—	—	—
Receipts of Interest and Dividends from Investments .....	40	53	33	53
Net Cash Provided (Used) by Investing Activities .....	<u>40</u>	<u>53</u>	<u>33</u>	<u>53</u>
Net Cash Provided (Used) – All Activities .....	(181)	(7,847)	(591)	(90)
Cash and Cash Equivalents – Beginning .....	8,350	15,428	5,868	6,001
Cash and Cash Equivalents – Ending .....	<u>\$ 8,169</u>	<u>\$ 7,581</u>	<u>\$ 5,277</u>	<u>\$ 5,911</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 108	\$ 280,954	\$ 9,820	\$ 14,639	\$ 2,349	\$ 311,084
700	—	—	—	—	7,201
—	—	9,836	—	—	9,838
—	(156,754)	(9,737)	(3,743)	(1,988)	(174,364)
—	—	—	—	—	(23,780)
—	(16,231)	(7,039)	(8,696)	(524)	(32,786)
—	(3,177)	(2,434)	5,183	—	(1,010)
—	(42,610)	—	—	—	(42,610)
<u>808</u>	<u>62,182</u>	<u>446</u>	<u>7,383</u>	<u>(163)</u>	<u>53,573</u>
—	18,379	—	—	—	18,379
—	(19,597)	—	—	—	(19,597)
—	—	—	—	—	8,583
—	—	—	—	—	525
—	—	—	—	—	2,296
—	(58,360)	—	(12,082)	—	(73,651)
<u>0</u>	<u>(59,578)</u>	<u>0</u>	<u>(12,082)</u>	<u>0</u>	<u>(63,465)</u>
—	26,361	13	—	—	26,374
—	(2,919)	(121)	—	—	(3,040)
—	(22,356)	(228)	—	(3)	(22,587)
—	(3,863)	(110)	—	—	(3,973)
—	2,380	—	—	—	2,380
—	(2,292)	—	—	—	(2,292)
<u>0</u>	<u>(2,689)</u>	<u>(446)</u>	<u>0</u>	<u>(3)</u>	<u>(3,138)</u>
—	—	—	—	(8)	(8)
<u>3</u>	<u>94</u>	<u>—</u>	<u>4</u>	<u>16</u>	<u>296</u>
<u>3</u>	<u>94</u>	<u>0</u>	<u>4</u>	<u>8</u>	<u>288</u>
811	9	0	(4,695)	(158)	(12,742)
—	124	—	8,475	768	45,014
<u>\$ 811</u>	<u>\$ 133</u>	<u>\$ 0</u>	<u>\$ 3,780</u>	<u>\$ 610</u>	<u>\$ 32,272</u>

Continues

**Combining Statement Of Cash Flows**  
**Nonmajor Enterprise Funds**

Continued

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 359	\$ 903	\$ (189)	\$ 2
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	—	—	—	—
Miscellaneous Gains, Losses, and Other Items .....	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	(6)	—	—	—
Notes/Accrued Interest Receivables .....	(7,930)	(8,091)	(435)	6
Inventories .....	—	—	—	—
Accrued Liabilities/Due to Other Funds .....	(1,023)	(679)	—	—
Unearned Revenue/Deposits .....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (8,600)</u>	<u>\$ (7,867)</u>	<u>\$ (624)</u>	<u>\$ 8</u>
 <b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ 7	\$ 17	\$ 19	\$ 22
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 7</u>	<u>\$ 17</u>	<u>\$ 19</u>	<u>\$ 22</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 108	\$ 62,747	\$ (252)	\$ 11,181	\$ (170)	\$ 74,689
—	1,644	182	27	7	1,860
—	(608)	—	—	—	(608)
—	(423)	429	(5,457)	24	(5,433)
700	—	—	—	—	(15,750)
—	(1,490)	419	—	(14)	(1,085)
—	312	(332)	1,508	(10)	(224)
—	—	—	124	—	124
<u>\$ 808</u>	<u>\$ 62,182</u>	<u>\$ 446</u>	<u>\$ 7,383</u>	<u>\$ (163)</u>	<u>\$ 53,573</u>
<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 72</u>
<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4</u>	<u>\$ 0</u>	<u>\$ 72</u>

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## INTERNAL SERVICE FUNDS

### **Technology Services**

This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

### **General Services**

This fund is used to manage cooperative purchasing contracts and provide printing and mailing services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

### **Fleet Operations**

This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

### **Risk Management**

This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

### **Property Management**

This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

### **Human Resource Management**

This fund is used to account for human resource and payroll services provided to state agencies.

**Combining Statement Of Net Assets  
Internal Service Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 230	\$ 616	\$ 357	\$ 53,513
Receivables:				
Accounts, net .....	398	737	1,736	238
Due From Other Funds .....	15,299	2,117	4,729	434
Due From Component Units .....	—	9	21	5
Prepaid Items .....	2,209	158	—	—
Inventories .....	495	863	3,268	—
Deferred Charges .....	—	—	—	—
Total Current Assets .....	<u>18,631</u>	<u>4,500</u>	<u>10,111</u>	<u>54,190</u>
Noncurrent Assets:				
Prepaid Items .....	—	24	—	250
Notes/Loans/Mortgages Receivables, net .....	—	—	—	1,300
Deferred Charges .....	—	—	—	—
Capital Assets:				
Land .....	17	—	—	—
Infrastructure .....	303	—	—	—
Buildings and Improvements .....	4,308	15	1,758	—
Machinery and Equipment .....	56,170	10,832	109,631	—
Intangible Assets—Software .....	4,576	—	—	—
Construction in Progress .....	246	11	—	—
Less Accumulated Depreciation .....	(50,686)	(7,630)	(55,710)	—
Total Capital Assets .....	<u>14,934</u>	<u>3,228</u>	<u>55,679</u>	<u>0</u>
Total Noncurrent Assets .....	<u>14,934</u>	<u>3,252</u>	<u>55,679</u>	<u>1,550</u>
Total Assets .....	<u>33,565</u>	<u>7,752</u>	<u>65,790</u>	<u>55,740</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	11,590	1,846	3,726	3,075
Due To Other Funds .....	939	50	482	1,559
Interfund Loans Payable .....	5,420	1,958	19,487	—
Unearned Revenue .....	—	—	109	—
Policy Claims Liabilities .....	—	—	—	17,038
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	—	73	—
Total Current Liabilities .....	<u>17,949</u>	<u>3,854</u>	<u>23,877</u>	<u>21,672</u>
Noncurrent Liabilities:				
Unearned Revenue .....	—	—	—	165
Interfund Loans Payable .....	1,133	1,728	—	—
Policy Claims Liabilities .....	—	—	—	24,859
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	—	663	—
Total Noncurrent Liabilities .....	<u>1,133</u>	<u>1,728</u>	<u>663</u>	<u>25,024</u>
Total Liabilities .....	<u>19,082</u>	<u>5,582</u>	<u>24,540</u>	<u>46,696</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt .....	14,934	3,228	55,038	—
Restricted for:				
Insurance Programs .....	—	—	—	4,234
Unrestricted (Deficit) .....	(451)	(1,058)	(13,788)	4,810
Total Net Assets .....	<u>\$ 14,483</u>	<u>\$ 2,170</u>	<u>\$ 41,250</u>	<u>\$ 9,044</u>



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Property Management	Human Resource Management	Total
\$ 6,810	\$ 3,911	\$ 65,437
15	—	3,124
205	1	22,785
—	—	35
—	—	2,367
—	—	4,626
18	—	18
<u>7,048</u>	<u>3,912</u>	<u>98,392</u>
—	—	274
—	—	1,300
466	—	466
—	—	17
—	—	303
—	—	6,081
645	—	177,278
—	42	4,618
—	—	257
<u>(590)</u>	<u>(28)</u>	<u>(114,644)</u>
<u>55</u>	<u>14</u>	<u>73,910</u>
<u>521</u>	<u>14</u>	<u>75,950</u>
<u>7,569</u>	<u>3,926</u>	<u>174,342</u>
1,849	498	22,584
52	8	3,090
—	—	26,865
6	—	115
—	—	17,038
18	—	18
—	—	73
<u>1,925</u>	<u>506</u>	<u>69,783</u>
—	—	165
—	—	2,861
—	—	24,859
466	—	466
—	—	663
<u>466</u>	<u>0</u>	<u>29,014</u>
<u>2,391</u>	<u>506</u>	<u>98,797</u>
55	14	73,269
—	—	4,234
<u>5,123</u>	<u>3,406</u>	<u>(1,958)</u>
<u>\$ 5,178</u>	<u>\$ 3,420</u>	<u>\$ 75,545</u>

**Combining Statement Of Revenues, Expenses, And  
Changes In Fund Net Assets  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>OPERATING REVENUES</b>				
Charges for Services/Premiums .....	\$ 131,933	\$ 17,341	\$ 56,457	\$ 32,277
Miscellaneous .....	—	12	63	—
Total Operating Revenues .....	<u>131,933</u>	<u>17,353</u>	<u>56,520</u>	<u>32,277</u>
<b>OPERATING EXPENSES</b>				
Administration .....	75,716	2,965	2,527	2,549
Materials and Services for Resale .....	16,753	11,510	28,768	18,603
Rentals and Leases .....	359	549	403	28
Maintenance .....	535	788	12,957	2
Depreciation/Amortization .....	5,427	1,698	10,509	—
Benefit Claims .....	—	—	—	11,321
Miscellaneous Other:				
Data Processing .....	26,748	56	668	160
Supplies .....	1,535	103	150	82
Utilities .....	481	27	388	20
Advertising and Other .....	1,465	295	1,162	1,323
Total Operating Expenses .....	<u>129,019</u>	<u>17,991</u>	<u>57,532</u>	<u>34,088</u>
Operating Income (Loss) .....	<u>2,914</u>	<u>(638)</u>	<u>(1,012)</u>	<u>(1,811)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings .....	—	—	—	464
Gain (Loss) on Sale of Capital Assets .....	—	6	(1,348)	—
Interest Expense .....	—	—	(36)	—
Refunds Paid to Federal Government .....	(47)	(31)	—	—
Other Revenues (Expenses) .....	—	(196)	—	624
Total Nonoperating Revenues (Expenses) .....	<u>(47)</u>	<u>(221)</u>	<u>(1,384)</u>	<u>1,088</u>
Income (Loss) before Transfers .....	2,867	(859)	(2,396)	(723)
Capital Contributions .....	—	(10)	—	—
Transfers In .....	—	34	143	—
Transfers Out .....	—	(9)	—	—
Change in Net Assets .....	<u>2,867</u>	<u>(844)</u>	<u>(2,253)</u>	<u>(723)</u>
Net Assets – Beginning .....	11,616	3,014	43,503	9,767
Net Assets – Ending .....	<u>\$ 14,483</u>	<u>\$ 2,170</u>	<u>\$ 41,250</u>	<u>\$ 9,044</u>

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<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
\$ 27,348	\$ 11,647	\$ 277,003
—	—	75
<u>27,348</u>	<u>11,647</u>	<u>277,078</u>
7,703	9,945	101,405
—	—	75,634
483	8	1,830
6,988	—	21,270
31	14	17,679
—	—	11,321
291	258	28,181
135	61	2,066
8,303	89	9,308
<u>1,028</u>	<u>136</u>	<u>5,409</u>
<u>24,962</u>	<u>10,511</u>	<u>274,103</u>
<u>2,386</u>	<u>1,136</u>	<u>2,975</u>
20	—	484
—	—	(1,342)
(18)	—	(54)
—	(90)	(168)
—	—	428
<u>2</u>	<u>(90)</u>	<u>(652)</u>
2,388	1,046	2,323
—	—	(10)
—	—	177
—	—	(9)
<u>2,388</u>	<u>1,046</u>	<u>2,481</u>
2,790	2,374	73,064
<u>\$ 5,178</u>	<u>\$ 3,420</u>	<u>\$ 75,545</u>

**Combining Statement Of Cash Flows  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 2,395	\$ 1,241	\$ 19,612	\$ 17,126
Receipts from State Customers .....	132,841	16,198	36,529	15,485
Payments to Suppliers/Claims/Grants .....	(47,373)	(8,758)	(19,579)	(29,047)
Payments for Employee Services and Benefits .....	(75,184)	(2,947)	(2,472)	(2,542)
Payments to State Suppliers and Grants .....	—	(4,594)	(24,999)	(2,448)
Net Cash Provided (Used) by Operating Activities .....	<u>12,679</u>	<u>1,140</u>	<u>9,091</u>	<u>(1,426)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayments Under Interfund Loans .....	(4,037)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds .....	(47)	(227)	—	—
Interest Paid on Bonds, Notes, and Financing Costs .....	—	—	—	—
Federal Grants and Other Revenues .....	—	—	—	624
Transfers In from Other Funds .....	—	34	—	—
Transfers Out to Other Funds .....	—	(9)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities .....	<u>(4,084)</u>	<u>(202)</u>	<u>0</u>	<u>624</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	262	—
Repayments Under Interfund Loans .....	(1,167)	(266)	—	—
Proceeds from Disposition of Capital Assets .....	—	58	2,427	—
Principal Paid on Debt and Contract Maturities .....	—	—	(69)	—
Acquisition and Construction of Capital Assets .....	(7,198)	(1,059)	(13,291)	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	(23)	—
Transfers In from Other Funds .....	—	—	143	—
Net Cash Provided (Used) by Capital and Related Financing Activities .....	<u>(8,365)</u>	<u>(1,267)</u>	<u>(10,551)</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends from Investments .....	—	—	—	464
Net Cash Provided (Used) by Investing Activities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>464</u>
Net Cash Provided (Used) – All Activities .....	230	(329)	(1,460)	(338)
Cash and Cash Equivalents – Beginning .....	—	945	1,817	53,851
Cash and Cash Equivalents – Ending .....	<u>\$ 230</u>	<u>\$ 616</u>	<u>\$ 357</u>	<u>\$ 53,513</u>

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<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
\$ 2,469	\$ 226	\$ 43,069
24,858	11,724	237,635
(16,693)	(80)	(121,530)
(7,669)	(9,935)	(100,749)
(388)	(484)	(32,913)
<u>2,577</u>	<u>1,451</u>	<u>25,512</u>
—	—	(4,037)
(16)	(90)	(380)
(18)	—	(18)
—	—	624
—	—	34
—	—	(9)
<u>(34)</u>	<u>(90)</u>	<u>(3,786)</u>
—	—	262
—	—	(1,433)
—	—	2,485
—	—	(69)
(16)	—	(21,564)
—	—	(23)
—	—	143
<u>(16)</u>	<u>0</u>	<u>(20,199)</u>
20	—	484
<u>20</u>	<u>0</u>	<u>484</u>
2,547	1,361	2,011
4,263	2,550	63,426
<u>\$ 6,810</u>	<u>\$ 3,911</u>	<u>\$ 65,437</u>

Continues

**Combining Statement Of Cash Flows  
Internal Service Funds****Continued**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 2,914	\$ (638)	\$ (1,012)	\$ (1,811)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	5,427	1,698	10,509	—
Miscellaneous Gains, Losses, and Other Items .....	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds .....	3,270	86	(398)	1,634
Notes/Accrued Interest Receivables .....	—	—	—	(1,300)
Inventories .....	204	16	(180)	—
Prepaid Items/Deferred Charges .....	(474)	(142)	—	—
Accrued Liabilities/Due to Other Funds .....	1,338	132	153	1,804
Unearned Revenue/Deposits .....	—	—	19	—
Notes Payable .....	—	(12)	—	—
Policy Claims Liabilities .....	—	—	—	(1,753)
Net Cash Provided (Used) by Operating Activities .....	<u>\$ 12,679</u>	<u>\$ 1,140</u>	<u>\$ 9,091</u>	<u>\$ (1,426)</u>
 <b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ —	\$ 137
Contributed Capital Assets Transferred In (Out) .....	<u>—</u>	<u>(10)</u>	<u>—</u>	<u>—</u>
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ (10)</u>	<u>\$ 0</u>	<u>\$ 137</u>

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<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
<u>\$ 2,386</u>	<u>\$ 1,136</u>	<u>\$ 2,975</u>
31	14	17,679
6	—	6
(21)	303	4,874
—	—	(1,300)
—	—	40
16	—	(600)
159	(2)	3,584
—	—	19
—	—	(12)
<u>—</u>	<u>—</u>	<u>(1,753)</u>
<u><u>\$ 2,577</u></u>	<u><u>\$ 1,451</u></u>	<u><u>\$ 25,512</u></u>
\$ 5	\$ —	\$ 142
<u>—</u>	<u>—</u>	<u>(10)</u>
<u><u>\$ 5</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 132</u></u>

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## FIDUCIARY FUNDS

### PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

#### Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

#### State Post-Retirement Benefits Trust Fund

The State administers this defined benefit Other Postemployment Benefit Plan (State Employees' OPEB Plan) as an irrevocable trust. This trust accounts for the assets accumulated and the payments made for other postemployment benefits provided to current and future state retirees. Funding comes from employer contributions and investment earnings.

### PRIVATE PURPOSE TRUST FUNDS

#### Utah Navajo Royalties Holding

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

#### Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

#### Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

#### Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

#### Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

#### Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

### AGENCY FUNDS

#### Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

#### County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

#### State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

#### Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds set up to account for various receipts and disbursements.

**Combining Statement Of Fiduciary Net Assets**  
**Pension And**  
**Other Employee Benefit Trust Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>Non-Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire-fighters System</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 630,436	\$ 41,572	\$ 80,828	\$ 29,805
Receivables:				
Member Contributions .....	—	366	43	489
Employer Contributions .....	28,875	529	3,783	—
Court Fees and Fire Insurance Premiums .....	—	—	—	10,161
Investments .....	231,214	15,334	29,810	10,994
Total Receivables .....	260,089	16,229	33,636	21,644
Investments:				
Debt Securities .....	3,612,865	239,606	465,794	171,788
Equity Investments .....	5,677,545	376,536	731,981	269,961
Absolute Return .....	1,927,096	127,805	248,453	91,631
Private Equity .....	1,127,454	74,773	145,358	53,609
Real Estate .....	2,236,867	148,350	288,390	106,360
Mortgage Loans .....	5,471	363	704	260
Invested Securities Lending Collateral .....	1,149,384	76,227	148,184	54,652
Total Investments .....	15,736,682	1,043,660	2,028,864	748,261
Capital Assets:				
Land .....	1,415	95	187	72
Buildings and Improvements .....	9,102	604	1,209	462
Machinery and Equipment .....	3,604	239	479	183
Less Accumulated Depreciation .....	(13,865)	(921)	(1,841)	(704)
Total Capital Assets .....	256	17	34	13
Total Assets .....	16,627,463	1,101,478	2,143,362	799,723
<b>LIABILITIES</b>				
Accounts Payable .....	446,625	29,376	57,110	21,062
Securities Lending Liability .....	1,149,384	76,227	148,184	54,652
Leave/Postemployment Benefits .....	7,534	499	971	358
Insurance Reserves .....	4,625	307	596	220
Real Estate Liabilities .....	866,733	57,482	111,743	41,212
Total Liabilities .....	2,474,901	163,891	318,604	117,504
<b>NET ASSETS</b>				
Held in trust for:				
Pension Benefits .....	14,152,562	937,587	1,824,758	682,219
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Total Net Assets .....	\$ 14,152,562	\$ 937,587	\$ 1,824,758	\$ 682,219

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 4,946	\$ 400	\$ 2,964	\$ 94	\$ 55	\$ 2,994	\$ 235	\$ 794,329
—	—	—	—	—	—	—	898
92	—	—	—	—	—	464	33,743
184	—	—	—	—	—	—	10,345
1,825	147	59,361	5,010	—	—	—	353,695
2,101	147	59,361	5,010	0	0	464	398,681
28,509	2,300	1,203,475	130,892	17,498	—	29,330	5,902,057
44,801	3,615	1,345,368	147,806	17,182	—	61,355	8,676,150
15,207	1,227	—	—	—	—	—	2,411,419
8,897	718	—	—	—	—	—	1,410,809
17,651	1,424	—	—	—	—	—	2,799,042
43	3	—	—	—	—	—	6,844
9,070	732	104,636	11,603	1,429	—	—	1,555,917
124,178	10,019	2,653,479	290,301	36,109	0	90,685	22,762,238
11	—	—	—	—	—	—	1,780
71	—	—	—	—	—	—	11,448
28	—	—	—	—	—	—	4,533
(108)	—	—	—	—	—	—	(17,439)
2	0	0	0	0	0	0	322
131,227	10,566	2,715,804	295,405	36,164	2,994	91,384	23,955,570
3,495	282	3,881	183	16	6	—	562,036
9,070	732	104,636	11,603	1,429	—	—	1,555,917
59	5	—	—	—	—	—	9,426
37	3	—	—	—	—	—	5,788
6,840	551	—	—	—	—	—	1,084,561
19,501	1,573	108,517	11,786	1,445	6	0	3,217,728
111,726	8,993	—	—	—	—	—	17,717,845
—	—	—	—	—	—	91,384	91,384
—	—	2,607,287	283,619	34,719	2,988	—	2,928,613
\$ 111,726	\$ 8,993	\$ 2,607,287	\$ 283,619	\$ 34,719	\$ 2,988	\$ 91,384	\$ 20,737,842

**Combining Statement Of Changes In Fiduciary Net Assets**  
**Pension And**  
**Other Employee Benefit Trust Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>Non-Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Fire-fighters System</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ 14,109	\$ 8,655	\$ 1,556	\$ 11,273
Employer .....	535,298	10,865	98,729	—
Court Fees and Fire Insurance Premiums .....	—	—	—	16,159
Total Contributions .....	<u>549,407</u>	<u>19,520</u>	<u>100,285</u>	<u>27,432</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	1,329,083	89,770	170,276	63,615
Interest, Dividends, and Other Investment Income .....	372,209	25,140	47,683	17,815
Less Investment Expenses .....	<u>(33,814)</u>	<u>(2,284)</u>	<u>(4,332)</u>	<u>(1,619)</u>
Net Investment Income .....	<u>1,667,478</u>	<u>112,626</u>	<u>213,627</u>	<u>79,811</u>
Transfers From Affiliated Systems .....	—	37,633	4,578	1,173
Total Additions .....	<u>2,216,885</u>	<u>169,779</u>	<u>318,490</u>	<u>108,416</u>
<b>DEDUCTIONS</b>				
Retirement Benefits .....	599,456	47,319	88,632	30,097
Cost of Living Benefits .....	123,596	17,086	17,186	7,792
Supplemental Retirement Benefits .....	—	444	454	422
Retiree Healthcare Benefits .....	—	—	—	—
Refunds/Plan Distributions .....	2,882	2,158	390	231
Administrative Expenses .....	8,340	555	1,127	354
Transfers To Affiliated Systems .....	<u>44,420</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deductions .....	<u>778,694</u>	<u>67,562</u>	<u>107,789</u>	<u>38,896</u>
Change in Net Assets Held in Trust for:				
Pension Benefits .....	1,438,191	102,217	210,701	69,520
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Net Assets – Beginning .....	<u>12,714,371</u>	<u>835,370</u>	<u>1,614,057</u>	<u>612,699</u>
Net Assets – Ending .....	<u><u>\$ 14,152,562</u></u>	<u><u>\$ 937,587</u></u>	<u><u>\$ 1,824,758</u></u>	<u><u>\$ 682,219</u></u>

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 67	\$ —	\$ 222,369	\$ 26,617	\$ 6,784	\$ —	\$ —	\$ 291,430
2,083	—	—	—	—	1,974	43,819	692,768
2,101	—	—	—	—	—	—	18,260
<u>4,251</u>	<u>0</u>	<u>222,369</u>	<u>26,617</u>	<u>6,784</u>	<u>1,974</u>	<u>43,819</u>	<u>1,002,458</u>
10,533	875	384,332	41,041	4,839	7	5,257	2,099,628
2,949	245	5,410	831	8	—	1,906	474,196
(268)	(22)	(2,753)	(291)	(36)	—	—	(45,419)
<u>13,214</u>	<u>1,098</u>	<u>386,989</u>	<u>41,581</u>	<u>4,811</u>	<u>7</u>	<u>7,163</u>	<u>2,528,405</u>
1,027	9	—	—	—	—	—	44,420
<u>18,492</u>	<u>1,107</u>	<u>609,358</u>	<u>68,198</u>	<u>11,595</u>	<u>1,981</u>	<u>50,982</u>	<u>3,575,283</u>
6,046	619	—	—	—	—	—	772,169
1,549	165	—	—	—	—	—	167,374
—	—	—	—	—	—	—	1,320
—	—	—	—	—	—	29,365	29,365
—	—	127,675	13,349	3,080	533	—	150,298
66	5	6,341	699	78	6	—	17,571
—	—	—	—	—	—	—	44,420
<u>7,661</u>	<u>789</u>	<u>134,016</u>	<u>14,048</u>	<u>3,158</u>	<u>539</u>	<u>29,365</u>	<u>1,182,517</u>
10,831	318	—	—	—	—	—	1,831,778
—	—	—	—	—	—	21,617	21,617
—	—	475,342	54,150	8,437	1,442	—	539,371
100,895	8,675	2,131,945	229,469	26,282	1,546	69,767	18,345,076
<u>\$ 111,726</u>	<u>\$ 8,993</u>	<u>\$ 2,607,287</u>	<u>\$ 283,619</u>	<u>\$ 34,719</u>	<u>\$ 2,988</u>	<u>\$ 91,384</u>	<u>\$ 20,737,842</u>

**Combining Statement Of Fiduciary Net Assets  
Private Purpose Trust Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Utah Navajo Royalties Holding</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 97	\$ —	\$ 7,528	\$ 1,052
Receivables:				
Accounts .....	2,060	—	4,545	4
Accrued Assessments .....	—	—	4,539	—
Court Settlement .....	26,000	—	—	—
Due From Other Funds .....	3,012	—	—	—
Investments:				
Debt Securities .....	12,072	44,524	179,828	13,905
Equity Investments .....	101	12,531	—	—
Total Investments .....	<u>12,173</u>	<u>57,055</u>	<u>179,828</u>	<u>13,905</u>
Capital Assets:				
Land .....	271	—	—	—
Buildings and Improvements .....	10,715	—	—	—
Machinery and Equipment .....	173	—	—	—
Less Accumulated Depreciation .....	(2,314)	—	—	—
Total Capital Assets .....	<u>8,845</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets .....	<u>52,187</u>	<u>57,055</u>	<u>196,440</u>	<u>14,961</u>
<b>LIABILITIES</b>				
Accounts Payable .....	826	108	622	840
Due To Other Funds .....	8	—	72	2
Unearned Revenue .....	—	—	—	242
Policy Claims Liabilities .....	—	—	242,560	32,116
Total Liabilities .....	<u>834</u>	<u>108</u>	<u>243,254</u>	<u>33,200</u>
<b>NET ASSETS</b>				
Held in trust for:				
Individuals, Organizations, and Other Governments .....	<u>51,353</u>	<u>56,947</u>	<u>(46,814)</u>	<u>(18,239)</u>
Total Net Assets .....	<u><u>\$ 51,353</u></u>	<u><u>\$ 56,947</u></u>	<u><u>\$ (46,814)</u></u>	<u><u>\$ (18,239)</u></u>

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<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
\$ 438	\$ 7,710	\$ 16,825
51	—	6,660
—	—	4,539
—	—	26,000
—	436	3,448
851,158	10,652	1,112,139
2,260,947	—	2,273,579
<u>3,112,105</u>	<u>10,652</u>	<u>3,385,718</u>
—	—	271
—	—	10,715
848	—	1,021
(672)	—	(2,986)
<u>176</u>	<u>0</u>	<u>9,021</u>
<u>3,112,770</u>	<u>18,798</u>	<u>3,452,211</u>
521	684	3,601
—	10	92
—	—	242
—	—	274,676
<u>521</u>	<u>694</u>	<u>278,611</u>
3,112,249	18,104	3,173,600
<u>\$ 3,112,249</u>	<u>\$ 18,104</u>	<u>\$ 3,173,600</u>

**State of Utah****Combining Statement Of Changes In Fiduciary Net Assets  
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Utah Navajo Royalties Holding</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ —	\$ —	\$ —	\$ —
Total Contributions .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	24	178	427	132
Interest, Dividends, and Other Investment Income .....	<u>97</u>	<u>370</u>	<u>1,262</u>	<u>—</u>
Total Investment Income .....	<u>121</u>	<u>548</u>	<u>1,689</u>	<u>132</u>
Other Additions:				
Escheats .....	—	16,474	—	—
Royalties and Rents .....	3,411	—	—	—
Fees, Assessments, and Revenues .....	112	—	12,151	4,962
Court Settlement / Miscellaneous .....	<u>26,000</u>	<u>—</u>	<u>3,115</u>	<u>866</u>
Total Other .....	<u>29,523</u>	<u>16,474</u>	<u>15,266</u>	<u>5,828</u>
Total Additions .....	<u>29,644</u>	<u>17,022</u>	<u>16,955</u>	<u>5,960</u>
<b>DEDUCTIONS</b>				
Trust Operating Expenses .....	3,440	—	—	—
Distributions and Benefit Payments .....	—	6,705	20,240	—
Administrative and General Expenses .....	<u>1,820</u>	<u>3,347</u>	<u>3,905</u>	<u>1,718</u>
Total Deductions .....	<u>5,260</u>	<u>10,052</u>	<u>24,145</u>	<u>1,718</u>
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments .....	24,384	6,970	(7,190)	4,242
Net Assets – Beginning .....	<u>26,969</u>	<u>49,977</u>	<u>(39,624)</u>	<u>(22,481)</u>
Net Assets – Ending .....	<u>\$ 51,353</u>	<u>\$ 56,947</u>	<u>\$ (46,814)</u>	<u>\$ (18,239)</u>



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<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
<u>\$ 467,647</u>	<u>\$ 12,813</u>	<u>\$ 480,460</u>
<u>467,647</u>	<u>12,813</u>	<u>480,460</u>
264,903	28	265,692
<u>65,752</u>	<u>67</u>	<u>67,548</u>
<u>330,655</u>	<u>95</u>	<u>333,240</u>
—	—	16,474
—	—	3,411
—	21,058	38,283
<u>35</u>	<u>5,108</u>	<u>35,124</u>
<u>35</u>	<u>26,166</u>	<u>93,292</u>
<u>798,337</u>	<u>39,074</u>	<u>906,992</u>
—	24,322	27,762
107,937	12,777	147,659
<u>5,225</u>	<u>1,668</u>	<u>17,683</u>
<u>113,162</u>	<u>38,767</u>	<u>193,104</u>
685,175	307	713,888
<u>2,427,074</u>	<u>17,797</u>	<u>2,459,712</u>
<u>\$ 3,112,249</u>	<u>\$ 18,104</u>	<u>\$ 3,173,600</u>

**Combining Statement Of Fiduciary Assets and Liabilities  
Agency Funds**

June 30, 2010

(Expressed in Thousands)

	<b>Taxes and Social Security</b>	<b>County and Local Collections</b>	<b>State Courts</b>	<b>Deposits, Suspense, and Miscellaneous</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ —	\$ 115,585	\$ 38,795	\$ 19,793	\$ 174,173
Accounts Receivable .....	301	17	—	9,287	9,605
Due From Other Funds .....	23	—	—	172	195
Investments:					
Debt Securities .....	—	48	—	23,359	23,407
Total Investments .....	0	48	0	23,359	23,407
Total Assets .....	<u>\$ 324</u>	<u>\$ 115,650</u>	<u>\$ 38,795</u>	<u>\$ 52,611</u>	<u>\$ 207,380</u>
<b>LIABILITIES</b>					
Due To Individuals, Organizations, and					
Other Governments .....	\$ 324	\$ 115,650	\$ 38,795	\$ 52,611	\$ 207,380
Total Liabilities .....	<u>\$ 324</u>	<u>\$ 115,650</u>	<u>\$ 38,795</u>	<u>\$ 52,611</u>	<u>\$ 207,380</u>

**Combining Statement Of Changes  
In Assets And Liabilities  
Agency Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Balance June 30, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
<b>TAXES AND SOCIAL SECURITY</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 19	\$ 226,125	\$ 226,144	\$ —
Receivables:				
Accounts .....	—	301	—	301
Due From Other Funds .....	—	23	—	23
Total Assets .....	<u>\$ 19</u>	<u>\$ 226,449</u>	<u>\$ 226,144</u>	<u>\$ 324</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 19	\$ 226,667	\$ 226,362	\$ 324
Total Liabilities .....	<u>\$ 19</u>	<u>\$ 226,667</u>	<u>\$ 226,362</u>	<u>\$ 324</u>
<b>COUNTY AND LOCAL COLLECTIONS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 109,990	\$ 1,267,266	\$ 1,261,671	\$ 115,585
Investments .....	34	3,145	3,131	48
Receivables:				
Accounts Receivable .....	—	17	—	17
Total Assets .....	<u>\$ 110,024</u>	<u>\$ 1,270,428</u>	<u>\$ 1,264,802</u>	<u>\$ 115,650</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 110,024	\$ 1,282,196	\$ 1,276,570	\$ 115,650
Total Liabilities .....	<u>\$ 110,024</u>	<u>\$ 1,282,196</u>	<u>\$ 1,276,570</u>	<u>\$ 115,650</u>
<b>STATE COURTS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 33,620	\$ 149,916	\$ 144,741	\$ 38,795
Receivables:				
Accounts .....	33	—	33	—
Total Assets .....	<u>\$ 33,653</u>	<u>\$ 149,916</u>	<u>\$ 144,774</u>	<u>\$ 38,795</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 33,653	\$ 108,751	\$ 103,609	38,795
Total Liabilities .....	<u>\$ 33,653</u>	<u>\$ 108,751</u>	<u>\$ 103,609</u>	<u>\$ 38,795</u>
<b>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 22,957	\$ 738,886	\$ 742,050	\$ 19,793
Investments .....	21,642	152,708	150,991	23,359
Receivables:				
Accounts Receivable .....	6,261	4,457	1,431	9,287
Due From Other Funds .....	105	172	105	172
Total Assets .....	<u>\$ 50,965</u>	<u>\$ 896,223</u>	<u>\$ 894,577</u>	<u>\$ 52,611</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 50,965	\$ 609,151	\$ 607,505	\$ 52,611
Total Liabilities .....	<u>\$ 50,965</u>	<u>\$ 609,151</u>	<u>\$ 607,505</u>	<u>\$ 52,611</u>
<b>TOTAL — ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 166,586	\$ 2,382,193	\$ 2,374,606	\$ 174,173
Investments .....	21,676	155,853	154,122	23,407
Receivables:				
Accounts Receivable .....	6,294	4,775	1,464	9,605
Due From Other Funds .....	105	195	105	195
Total Assets .....	<u>\$ 194,661</u>	<u>\$ 2,543,016</u>	<u>\$ 2,530,297</u>	<u>\$ 207,380</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 194,661	\$ 2,226,765	\$ 2,214,046	\$ 207,380
Total Liabilities .....	<u>\$ 194,661</u>	<u>\$ 2,226,765</u>	<u>\$ 2,214,046</u>	<u>\$ 207,380</u>

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## NONMAJOR COMPONENT UNITS

### **Comprehensive Health Insurance Pool**

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with both appropriations from the General Fund and federal grants.

### **Utah Schools for the Deaf and the Blind**

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

### **Military Installation Development Authority**

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

### **Heber Valley Historic Railroad Authority**

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

### **Utah State Fair Corporation**

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

### **Colleges and Universities**

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

- Weber State University
- Southern Utah University
- Salt Lake Community College
- Utah Valley University
- Dixie State College of Utah
- College of Eastern Utah
- Snow College
- Utah College of Applied Technology

# Combining Statement Of Net Assets Nonmajor Component Units

June 30, 2010

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents .....	\$ 31,947	\$ 371	\$ 8,709	\$ —	\$ 956
Investments .....	—	—	—	—	—
Receivables:					
Accounts, net .....	63	2,149	—	18	116
Notes/Loans/Mortgages/Pledges, net .....	—	—	—	—	—
Accrued Interest .....	—	—	—	—	—
Due From Primary Government .....	—	139	—	—	—
Due From Component Units .....	—	—	—	—	—
Prepaid Items .....	—	—	—	—	44
Inventories .....	—	—	—	36	—
Deferred Charges .....	—	—	—	—	—
Total Current Assets .....	<u>32,010</u>	<u>2,659</u>	<u>8,709</u>	<u>54</u>	<u>1,116</u>
Noncurrent Assets:					
Restricted Investments .....	—	—	—	—	—
Accounts Receivables, net .....	—	—	—	—	—
Investments .....	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net .....	—	—	—	—	—
Other Assets .....	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation) .....	—	15,120	4	2,458	831
Total Noncurrent Assets .....	<u>0</u>	<u>15,120</u>	<u>4</u>	<u>2,458</u>	<u>831</u>
Total Assets .....	<u>32,010</u>	<u>17,779</u>	<u>8,713</u>	<u>2,512</u>	<u>1,947</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities .....	642	2,308	184	256	201
Deposits .....	—	—	—	—	—
Due To Primary Government .....	—	85	—	—	—
Unearned Revenue .....	337	23	—	—	105
Current Portion of Long-term Liabilities .....	3,045	—	—	315	45
Total Current Liabilities .....	<u>4,024</u>	<u>2,416</u>	<u>184</u>	<u>571</u>	<u>351</u>
Noncurrent Liabilities:					
Accrued Liabilities .....	—	—	—	—	—
Unearned Revenue .....	—	—	—	—	—
Deposits .....	—	—	—	—	—
Long-term Liabilities .....	—	—	—	313	77
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>313</u>	<u>77</u>
Total Liabilities .....	<u>4,024</u>	<u>2,416</u>	<u>184</u>	<u>884</u>	<u>428</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt .....	—	15,120	4	2,458	709
Restricted for:					
Nonexpendable:					
Higher Education .....	—	—	—	—	—
Expendable:					
Higher Education .....	—	—	—	—	—
Other .....	—	—	8,525	—	57
Unrestricted (Deficit) .....	27,986	243	—	(830)	753
Total Net Assets .....	<u>\$ 27,986</u>	<u>\$ 15,363</u>	<u>\$ 8,529</u>	<u>\$ 1,628</u>	<u>\$ 1,519</u>

<b>Weber State University</b>	<b>Southern Utah University</b>	<b>Salt Lake Community College</b>	<b>Utah Valley University</b>	<b>Dixie State College of Utah</b>	<b>College of Eastern Utah</b>	<b>Snow College</b>	<b>Utah College of Applied Technology</b>	<b>Total Nonmajor Component Units</b>
\$ 26,810	\$ 24,938	\$ 20,895	\$ 81,799	\$ 22,705	\$ 1,508	\$ 7,726	\$ 15,050	\$ 243,414
9,542	6,676	68,748	1,277	501	28	1,524	1,175	89,471
7,693	3,829	15,041	8,658	1,348	1,810	1,228	4,702	46,655
1,035	334	470	4,030	220	3	578	285	6,955
296	—	—	—	—	16	109	—	421
—	—	—	—	—	—	—	—	139
—	—	—	—	—	—	—	4	4
183	3,391	15	366	7	131	63	147	4,347
3,083	798	3,591	3,076	925	567	994	1,935	15,005
195	—	—	—	—	—	—	—	195
<u>48,837</u>	<u>39,966</u>	<u>108,760</u>	<u>99,206</u>	<u>25,706</u>	<u>4,063</u>	<u>12,222</u>	<u>23,298</u>	<u>406,606</u>
2,212	9,005	10,027	17,457	753	14,007	6,750	364	60,575
—	—	—	1,902	—	—	—	165	2,067
112,311	4,709	5,169	—	15,776	—	8,770	1,070	147,805
15,710	1,942	4,494	5,860	3,309	251	1,071	10	32,647
—	1,195	297	4,777	—	20	—	—	6,289
<u>200,570</u>	<u>124,448</u>	<u>169,553</u>	<u>221,786</u>	<u>93,199</u>	<u>47,124</u>	<u>72,521</u>	<u>114,637</u>	<u>1,062,251</u>
<u>330,803</u>	<u>141,299</u>	<u>189,540</u>	<u>251,782</u>	<u>113,037</u>	<u>61,402</u>	<u>89,112</u>	<u>116,246</u>	<u>1,311,634</u>
<u>379,640</u>	<u>181,265</u>	<u>298,300</u>	<u>350,988</u>	<u>138,743</u>	<u>65,465</u>	<u>101,334</u>	<u>139,544</u>	<u>1,718,240</u>
3,216	2,056	12,294	8,390	2,490	1,469	1,655	4,016	39,177
—	469	—	513	135	—	319	92	1,528
520	614	313	881	75	945	458	61	3,952
5,437	4,926	7,461	7,207	1,294	229	461	1,156	28,636
3,904	2,743	5,235	5,305	1,305	246	787	1,451	24,381
<u>13,077</u>	<u>10,808</u>	<u>25,303</u>	<u>22,296</u>	<u>5,299</u>	<u>2,889</u>	<u>3,680</u>	<u>6,776</u>	<u>97,674</u>
—	—	—	—	136	—	—	—	136
—	—	—	5,961	—	—	—	—	5,961
—	—	1,572	—	—	56	73	—	1,701
<u>36,635</u>	<u>23,420</u>	<u>9,109</u>	<u>21,072</u>	<u>11,236</u>	<u>788</u>	<u>1,851</u>	<u>8,273</u>	<u>112,774</u>
<u>36,635</u>	<u>23,420</u>	<u>10,681</u>	<u>27,033</u>	<u>11,372</u>	<u>844</u>	<u>1,924</u>	<u>8,273</u>	<u>120,572</u>
<u>49,712</u>	<u>34,228</u>	<u>35,984</u>	<u>49,329</u>	<u>16,671</u>	<u>3,733</u>	<u>5,604</u>	<u>15,049</u>	<u>218,246</u>
167,055	101,765	162,240	201,287	83,229	46,077	71,056	107,875	958,875
47,897	10,476	3,898	10,981	17,122	2,262	5,709	1,252	99,597
70,666	11,501	19,000	27,768	6,560	12,147	4,022	4,491	156,155
—	—	—	—	—	—	—	—	8,582
<u>44,310</u>	<u>23,295</u>	<u>77,178</u>	<u>61,623</u>	<u>15,161</u>	<u>1,246</u>	<u>14,943</u>	<u>10,877</u>	<u>276,785</u>
<u>\$ 329,928</u>	<u>\$ 147,037</u>	<u>\$ 262,316</u>	<u>\$ 301,659</u>	<u>\$ 122,072</u>	<u>\$ 61,732</u>	<u>\$ 95,730</u>	<u>\$ 124,495</u>	<u>\$ 1,499,994</u>

**State of Utah****Combining Statement Of Activities  
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<b>Comprehensive Health Insurance Pool</b>	<b>Utah Schools For the Deaf And the Blind</b>	<b>Military Installation Development Authority</b>	<b>Heber Valley Historic Railroad Authority</b>	<b>Utah State Fair Corporation</b>
Expenses .....	\$ 35,054	\$ 30,955	\$ 2,816	\$ 2,093	\$ 3,954
Program Revenues:					
Charges for Services:					
Tuition and Fees .....	—	—	—	—	—
Scholarship Allowances .....	—	—	—	—	—
Sales, Services, and Other Revenues .....	20,677	6,179	5,697	1,967	3,290
Operating Grants and Contributions .....	2,041	1,093	—	—	—
Capital Grants and Contributions .....	—	6,436	—	—	—
Total Program Revenues .....	22,718	13,708	5,697	1,967	3,290
Net (Expenses) Revenues .....	(12,336)	(17,247)	2,881	(126)	(664)
General Revenues:					
State Appropriations .....	8,500	21,264	5,648	—	739
Unrestricted Investment Income .....	301	2	—	—	—
Permanent Endowments Contributions .....	—	—	—	—	—
Total General Revenues .....	8,801	21,266	5,648	0	739
Change in Net Assets .....	(3,535)	4,019	8,529	(126)	75
Net Assets – Beginning .....	31,521	11,344	—	1,754	1,444
Net Assets – Ending .....	\$ 27,986	\$ 15,363	\$ 8,529	\$ 1,628	\$ 1,519



<b>Weber State University</b>	<b>Southern Utah University</b>	<b>Salt Lake Community College</b>	<b>Utah Valley University</b>	<b>Dixie State College of Utah</b>	<b>College of Eastern Utah</b>	<b>Snow College</b>	<b>Utah College of Applied Technology</b>	<b>Total Nonmajor Component Units</b>
<u>\$ 180,087</u>	<u>\$ 100,734</u>	<u>\$ 186,001</u>	<u>\$ 234,233</u>	<u>\$ 75,614</u>	<u>\$ 37,925</u>	<u>\$ 39,132</u>	<u>\$ 83,915</u>	<u>\$ 1,012,513</u>
86,389	36,964	72,042	110,610	27,841	4,132	9,539	12,057	359,574
(22,430)	(10,601)	(13,920)	(21,915)	—	(1,403)	(3,177)	(1,353)	(74,799)
20,121	17,636	22,846	24,017	—	3,231	4,106	9,728	139,495
53,772	29,940	49,150	81,706	30,287	7,676	9,209	15,556	280,430
7,065	2,916	267	5,436	317	2,381	1,322	28,088	54,228
<u>144,917</u>	<u>76,855</u>	<u>130,385</u>	<u>199,854</u>	<u>58,445</u>	<u>16,017</u>	<u>20,999</u>	<u>64,076</u>	<u>758,928</u>
<u>(35,170)</u>	<u>(23,879)</u>	<u>(55,616)</u>	<u>(34,379)</u>	<u>(17,169)</u>	<u>(21,908)</u>	<u>(18,133)</u>	<u>(19,839)</u>	<u>(253,585)</u>
59,860	28,950	63,086	49,146	21,687	16,986	20,760	44,120	340,746
—	—	—	2,702	—	—	—	8	3,013
2,665	220	—	233	65	103	62	—	3,348
<u>62,525</u>	<u>29,170</u>	<u>63,086</u>	<u>52,081</u>	<u>21,752</u>	<u>17,089</u>	<u>20,822</u>	<u>44,128</u>	<u>347,107</u>
27,355	5,291	7,470	17,702	4,583	(4,819)	2,689	24,289	93,522
<u>302,573</u>	<u>141,746</u>	<u>254,846</u>	<u>283,957</u>	<u>117,489</u>	<u>66,551</u>	<u>93,041</u>	<u>100,206</u>	<u>1,406,472</u>
<u><u>\$ 329,928</u></u>	<u><u>\$ 147,037</u></u>	<u><u>\$ 262,316</u></u>	<u><u>\$ 301,659</u></u>	<u><u>\$ 122,072</u></u>	<u><u>\$ 61,732</u></u>	<u><u>\$ 95,730</u></u>	<u><u>\$ 124,495</u></u>	<u><u>\$ 1,499,994</u></u>

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## STATISTICAL SECTION



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# STATISTICAL SECTION

This part of the State of Utah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

## Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Schedule A-1	Net Assets by Component	200
Schedule A-2	Changes in Net Assets	202
Schedule A-3	Fund Balances — Governmental Funds	206
Schedule A-4	Changes in Fund Balances — Governmental Funds	208

## Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Schedule B-1	Revenue Base	210
Schedule B-2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases	212
Schedule B-3	Revenue Payers — Personal Income Tax	213
Schedule B-4	Personal Income Tax Rates	214

## Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule C-1	Ratios of Outstanding Debt by Type	216
Schedule C-2	Other Long-Term Liabilities	218
Schedule C-3	Legal Debt Margin	220
Schedule C-4	Statutory Debt Limit	220
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## Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule D-1	Demographic and Economic Indicators	223
Schedule D-2	Principal Employers	224
Schedule D-3	Composition of Labor Force	226
Schedule D-4	Public Education Student Enrollment (K-12)	228
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## Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E-1	Full-Time Equivalent State Employees by Function	230
Schedule E-2	Operating Indicators by Function	232
Schedule E-3	Capital Asset Statistics by Function	234

## Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

Schedule F-1	Expenditures — Historical and Constant Dollars	236
Schedule F-2	Per Capita Expenditures — Historical and Constant Dollars	237

**Sources:** Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

**Net Assets by Component**

Last Nine Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt .....	\$ 7,827,247	\$ 7,661,130	\$ 7,942,495	\$ 8,197,279
Restricted <sup>1</sup> .....	776,121	973,636	1,237,258	1,518,523
Unrestricted <sup>1</sup> .....	320,613	336,129	408,145	690,177
Total Governmental Activities Net Assets .....	<u>8,923,981</u>	<u>8,970,895</u>	<u>9,587,898</u>	<u>10,405,979</u>
<b>Business-type Activities</b>				
Invested in Capital Assets, Net of Related Debt .....	21,336	22,104	24,141	28,419
Restricted <sup>2</sup> .....	916,526	814,147	807,224	928,115
Unrestricted <sup>3</sup> .....	627,668	668,198	724,154	793,099
Total Business-type Activities Net Assets .....	<u>1,565,530</u>	<u>1,504,449</u>	<u>1,555,519</u>	<u>1,749,633</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt .....	7,848,583	7,683,234	7,966,636	8,225,698
Restricted .....	1,692,647	1,787,783	2,044,482	2,446,638
Unrestricted .....	948,281	1,004,327	1,132,299	1,483,276
Total Primary Government Net Assets .....	<u>\$ 10,489,511</u>	<u>\$ 10,475,344</u>	<u>\$ 11,143,417</u>	<u>\$ 12,155,612</u>

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> From fiscal years 2004 to 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2010, governmental activities' restricted and unrestricted net assets decreased as the economy slowed and tax revenues declined.

<sup>2</sup> From fiscal years 2002 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue. From fiscal years 2005 to 2008, business-type activities' restricted net assets increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted assets of business-type activities.

<sup>3</sup> In fiscal years 2006 to 2009, business-type activities' unrestricted net assets increased primarily due to the State providing additional capital to the loan funds from mineral lease revenues.

# Schedule A-1

Fiscal Year				
2006	2007	2008	2009	2010
\$ 8,719,751	\$ 9,465,667	\$ 10,447,357	\$ 11,277,630	\$ 12,005,321
2,379,269	3,043,599	2,618,556	2,349,499	2,009,168
856,207	1,163,548	1,169,342	689,052	895,517
<u>11,955,227</u>	<u>13,672,814</u>	<u>14,235,255</u>	<u>14,316,181</u>	<u>14,910,006</u>
32,068	13,008	13,837	13,751	13,061
1,139,691	1,334,737	1,434,828	1,269,006	1,272,090
893,118	971,435	1,037,893	1,080,231	937,452
<u>2,064,877</u>	<u>2,319,180</u>	<u>2,486,558</u>	<u>2,362,988</u>	<u>2,222,603</u>
8,751,819	9,478,675	10,461,194	11,291,381	12,018,382
3,518,960	4,378,336	4,053,384	3,618,505	3,281,258
1,749,325	2,134,983	2,207,235	1,769,283	1,832,969
<u>\$ 14,020,104</u>	<u>\$ 15,991,994</u>	<u>\$ 16,721,813</u>	<u>\$ 16,679,169</u>	<u>\$ 17,132,609</u>

**Changes in Net Assets**

Last Nine Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government .....	\$ 218,758	\$ 194,211	\$ 187,544	\$ 240,091
Human Services and Youth Corrections .....	539,028	538,492	576,276	573,154
Corrections, Adult .....	191,642	184,805	197,043	195,716
Public Safety .....	154,257	127,861	150,772	162,922
Courts .....	104,979	106,045	97,894	98,319
Health and Environmental Quality <sup>1</sup> .....	1,062,393	1,177,121	1,341,059	1,461,016
Higher Education .....	704,595	647,572	781,468	694,732
Employment and Family Services .....	324,113	352,082	384,457	409,334
Natural Resources .....	114,083	119,528	119,188	121,714
Community and Culture .....	91,083	90,794	88,339	86,065
Business, Labor and Agriculture .....	66,215	66,965	72,693	84,992
Public Education <sup>2</sup> .....	1,999,112	1,981,119	2,033,153	2,169,071
Transportation .....	541,547	523,591	538,525	579,914
Interest and Other Charges on Long-Term Debt .....	68,964	73,835	75,935	76,382
Total Expenses .....	6,180,769	6,184,021	6,644,346	6,953,422
<b>Program Revenues</b>				
Charges for Services:				
General Government .....	77,155	84,500	96,780	99,303
Human Services and Youth Corrections .....	13,304	17,182	11,918	13,193
Corrections, Adult .....	7,452	6,235	7,260	2,138
Public Safety .....	28,348	28,471	31,147	31,594
Courts .....	34,977	29,221	32,991	46,468
Health and Environmental Quality .....	87,120	74,087	84,251	108,406
Higher Education .....	714	676	231	282
Employment and Family Services .....	7,366	5,397	9,139	6,414
Natural Resources .....	40,660	35,353	41,554	44,842
Community and Culture .....	4,579	4,807	1,427	4,420
Business, Labor and Agriculture .....	46,230	50,318	55,906	61,637
Public Education .....	35,859	38,604	38,209	59,213
Transportation .....	123,934	97,759	134,123	137,934
Operating Grants and Contributions .....	1,794,902	2,034,177	2,347,065	2,436,116
Capital Grants and Contributions .....	109,751	123,883	105,149	124,836
Total Program Revenues .....	2,412,351	2,630,670	2,997,150	3,176,796
Net Program (Expense) —				
Governmental Activities .....	(3,768,418)	(3,553,351)	(3,647,196)	(3,776,626)
<b>General Revenues and Other Changes in Net Assets</b>				
Taxes:				
Sales Tax and Use Tax <sup>3</sup> .....	1,470,175	1,488,452	1,547,174	1,697,720
Individual Income Tax Imposed for Education <sup>3</sup> .....	1,473,341	1,604,618	1,760,844	2,001,286
Corporate Tax Imposed for Education <sup>3</sup> .....	124,333	160,705	165,921	209,403
Motor and Special Fuel Taxes				
Imposed for Transportation .....	329,296	317,536	332,673	335,625
Other Taxes .....	201,586	213,613	234,777	275,755
Unrestricted Investment Income .....	11,914	9,152	7,818	17,690
Gain on Sale of Capital Assets .....	19,642	15,412	13,072	23,010
Federal Appropriation—Jobs and Growth Relief .....	—	37,970	37,970	—
Miscellaneous .....	40,670	34,733	30,117	24,781
Special Item—Distribution to Local Governments .....	(29,772)	—	—	—
Transfers—Internal Activities .....	26,358	24,237	13,408	9,437
Prior Period Adjustments and Restatements .....	(61,189)	(306,163)	120,425	—
Total General Revenues and				
Other Changes in Net Assets .....	3,606,354	3,600,265	4,264,199	4,594,707
Change in Net Assets — Governmental				
Activities — Increase (Decrease) .....	(162,064)	46,914	617,003	818,081



## Schedule A-2

Fiscal Year				
2006	2007	2008	2009	2010
\$ 289,749	\$ 328,779	\$ 385,331	\$ 390,373	\$ 383,925
595,337	634,265	679,920	700,307	669,169
208,922	237,305	255,319	254,980	238,902
182,042	172,912	191,910	189,069	184,197
109,180	115,811	125,587	123,209	118,577
1,635,544	1,620,936	1,649,209	1,812,067	1,875,775
810,228	824,503	912,998	997,218	837,479
405,845	393,938	423,122	514,915	672,852
133,441	174,711	159,955	174,730	166,749
84,843	108,110	132,687	139,840	177,823
90,573	92,441	95,563	101,995	96,895
2,321,139	2,548,391	2,959,311	3,033,574	3,007,905
640,251	702,833	850,387	819,833	744,638
70,345	64,019	58,851	52,070	87,393
<u>7,577,439</u>	<u>8,018,954</u>	<u>8,880,150</u>	<u>9,304,180</u>	<u>9,262,279</u>
121,067	156,111	257,537	154,794	\$ 169,808
11,073	10,889	10,840	13,359	12,851
4,483	4,624	5,332	5,211	6,520
32,777	43,806	49,247	51,475	53,504
47,330	46,158	46,517	48,957	77,953
98,296	84,938	65,666	64,328	88,504
115	235	31	32,981	419
8,492	3,532	7,413	8,067	(2,715)
50,308	45,367	64,407	71,266	70,780
5,368	4,833	5,278	3,632	5,030
64,098	63,240	68,622	65,376	74,400
85,867	69,471	100,919	79,462	73,962
175,821	199,277	251,562	288,205	314,906
2,744,231	2,769,644	2,658,284	3,177,737	3,865,150
100,519	122,939	144,867	145,353	204,237
<u>3,549,845</u>	<u>3,625,064</u>	<u>3,736,522</u>	<u>4,210,203</u>	<u>5,015,309</u>
<u>(4,027,594)</u>	<u>(4,393,890)</u>	<u>(5,143,628)</u>	<u>(5,093,977)</u>	<u>(4,246,970)</u>
1,921,048	2,131,958	2,006,926	1,762,745	1,735,023
2,496,911	2,667,207	2,435,059	2,336,528	2,027,884
379,801	412,720	409,794	252,095	272,535
356,176	353,107	350,426	337,395	340,568
316,980	320,204	333,545	354,982	328,703
46,856	89,795	63,947	29,267	5,575
46,084	52,139	26,980	15,583	10,927
—	—	—	—	—
31,999	37,569	41,659	46,375	35,288
—	—	—	—	—
(19,013)	46,778	37,733	38,953	55,845
—	—	—	—	—
<u>5,576,842</u>	<u>6,111,477</u>	<u>5,706,069</u>	<u>5,173,923</u>	<u>4,812,348</u>
<u>1,549,248</u>	<u>1,717,587</u>	<u>562,441</u>	<u>79,946</u>	<u>565,378</u>

Continues

**State of Utah****Changes in Net Assets****Last Nine Fiscal Years**

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Student Assistance Programs .....	\$ 79,666	\$ 86,995	\$ 82,406	\$ 95,495
Unemployment Compensation <sup>4</sup> .....	272,924	307,834	242,828	142,632
Water Loan Programs .....	6,181	7,074	6,730	8,648
Community and Economic Loan Programs .....	1,382	1,482	1,199	1,160
Liquor Retail Sales .....	100,455	101,747	106,515	114,897
Other Business-type Activities .....	20,757	20,477	23,450	25,317
Total Expenses .....	481,365	525,609	463,128	388,149
<b>Program Revenues</b>				
Charges for Services:				
Student Assistance Programs .....	75,836	73,685	72,823	87,375
Unemployment Compensation .....	84,611	108,130	158,466	221,298
Water Loan Programs .....	9,132	8,975	9,160	9,796
Community and Economic Loan Programs .....	4,642	4,964	5,344	5,245
Liquor Retail Sales .....	132,994	134,810	143,634	153,004
Other Business-type Activities .....	22,067	22,574	27,401	30,865
Operating Grants and Contributions .....	163,584	130,235	92,141	65,173
Total Program Revenues .....	492,866	483,373	508,969	572,756
Net Program Revenue (Expense) —				
Business-type Activities .....	11,501	(42,236)	45,841	184,607
<b>General Revenues and Other Changes in Net Assets</b>				
Taxes:				
Sales Tax and Use Tax .....	16,343	2,180	14,402	14,874
Unrestricted Investment Income .....	3,648	2,248	1,627	3,844
Gain on Sale of Capital Assets .....	2,347	—	—	226
Miscellaneous .....	—	—	—	—
Federal Appropriation—Jobs and Growth Relief .....	—	964	462	—
Transfers—Internal Activities .....	(26,358)	(24,237)	(13,408)	(9,437)
Prior Period Adjustments and Restatements .....	100	—	2,146	—
Total General Revenues and				
Other Changes in Net Assets .....	(3,920)	(18,845)	5,229	9,507
Change in Net Assets — Business-type				
Activities – Increase (Decrease) .....	7,581	(61,081)	51,070	194,114
Total Primary Government Change in Net Assets .....	\$ (154,483)	\$ (14,167)	\$ 668,073	\$ 1,012,195

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006; this action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> Expenses for health and environmental quality have increased over the last nine fiscal years due to rising Medicaid program costs.

<sup>2</sup> From fiscal years 2005 to 2009 public education expenses increased for both enrollment growth and benefit-related costs for educators.

<sup>3</sup> From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy.

## Schedule A-2 (Continued)

Fiscal Year				
2006	2007	2008	2009	2010
\$ 152,895	\$ 174,220	\$ 164,411	\$ 144,007	\$ 156,754
102,476	97,692	148,424	489,925	872,826
6,560	13,042	10,477	12,900	31,971
1,570	1,136	2,310	2,349	2,166
126,114	143,721	160,635	168,844	180,401
27,581	31,404	33,417	35,635	30,886
<u>417,196</u>	<u>461,215</u>	<u>519,674</u>	<u>853,660</u>	<u>1,275,004</u>
112,960	126,498	117,246	89,805	109,804
253,809	219,690	157,624	144,383	170,224
10,715	10,634	12,135	12,234	13,875
5,394	5,876	6,524	7,838	9,033
173,400	195,276	219,801	228,474	238,767
32,826	39,753	44,140	49,437	41,527
109,140	138,252	143,853	214,876	546,840
<u>698,244</u>	<u>735,979</u>	<u>701,323</u>	<u>747,047</u>	<u>1,130,070</u>
281,048	274,764	181,649	(106,613)	(144,934)
14,875	25,440	23,462	22,976	22,206
—	—	—	—	—
308	—	—	—	—
—	877	—	—	38,188
—	—	—	—	—
19,013	(46,778)	(37,733)	(38,953)	(55,845)
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
34,196	(20,461)	(14,271)	(15,977)	4,549
315,244	254,303	167,378	(122,590)	(140,385)
<u>\$ 1,864,492</u>	<u>\$ 1,971,890</u>	<u>\$ 729,819</u>	<u>\$ (42,644)</u>	<u>\$ 424,993</u>

<sup>4</sup> From fiscal years 2003 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years.

**Fund Balances — Governmental Funds**

Last Nine Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund</b>				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable .....	\$ —	\$ —	\$ —	\$ —
Inventories .....	—	—	—	—
Restricted .....	—	—	—	—
Committed .....	—	—	—	—
Assigned .....	—	—	—	—
Unassigned .....	—	—	—	—
Total General Fund .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Inventories .....	\$ —	\$ —	\$ —	\$ —
Permanent Fund Principal .....	—	—	—	—
Restricted .....	—	—	—	—
Committed .....	—	—	—	—
Assigned .....	—	—	—	—
Total All Other Governmental Funds .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>General Fund</b>				
Reserved <sup>1</sup> .....	\$ 221,474	\$ 230,980	\$ 214,063	\$ 262,360
Unreserved <sup>2</sup> .....	<u>146,551</u>	<u>156,016</u>	<u>271,890</u>	<u>391,619</u>
Total General Fund .....	<u>368,025</u>	<u>386,996</u>	<u>485,953</u>	<u>653,979</u>
<b>All Other Governmental Funds</b>				
Reserved .....	940,566	878,603	831,812	1,048,146
Unreserved reported in:				
Special Revenue Funds .....	418,365	562,605	643,340	737,746
Capital Projects <sup>3</sup> .....	52,959	75,489	(15,380)	(71,127)
Debt Service .....	<u>8,173</u>	<u>7,107</u>	<u>5,787</u>	<u>5,881</u>
Total All Other Governmental Funds .....	<u>1,420,063</u>	<u>1,523,804</u>	<u>1,465,559</u>	<u>1,720,646</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 1,788,088</u>	<u>\$ 1,910,800</u>	<u>\$ 1,951,512</u>	<u>\$ 2,374,625</u>

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years. Additionally, due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information are only available through 2009.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> In fiscal year 2009, general fund reserved fund balances decreased due to less reserves available as a result of the slowing economy.

<sup>2</sup> From fiscal years 2004 to 2007, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2009, general fund unreserved fund balances decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the general fund.

<sup>3</sup> From fiscal years 2004 to 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

# Schedule A-3

Fiscal Year				
2006	2007	2008	2009	2010
\$ —	\$ —	\$ —	\$ —	\$ 2,861
—	—	—	—	411
—	—	—	—	35,171
—	—	—	—	371,354
—	—	—	—	222,963
—	—	—	—	14,884
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>647,644</u>
\$ —	\$ —	\$ —	\$ —	\$ 11,646
—	—	—	—	1,066,568
—	—	—	—	1,333,776
—	—	—	—	347,254
—	—	—	—	92,806
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,852,050</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,499,694</u>
\$ 300,497	\$ 411,600	\$ 470,800	\$ 305,224	\$ —
<u>568,639</u>	<u>667,972</u>	<u>394,068</u>	<u>327,467</u>	<u>—</u>
<u>869,136</u>	<u>1,079,572</u>	<u>864,868</u>	<u>632,691</u>	<u>0</u>
1,286,583	1,558,607	1,867,469	1,892,734	—
1,096,485	1,473,424	975,035	807,356	—
(93,248)	(107,624)	57,027	(13,219)	—
14,332	17,801	20,801	5,210	—
<u>2,304,152</u>	<u>2,942,208</u>	<u>2,920,332</u>	<u>2,692,081</u>	<u>0</u>
<u>\$ 3,173,288</u>	<u>\$ 4,021,780</u>	<u>\$ 3,785,200</u>	<u>\$ 3,324,772</u>	<u>\$ 0</u>

**Changes in Fund Balances — Governmental Funds**

Last Nine Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Sales and Use Tax <sup>1</sup> .....	\$ 1,473,479	\$ 1,481,823	\$ 1,553,909	\$ 1,699,636
Individual Income Tax <sup>1</sup> .....	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax <sup>1</sup> .....	124,561	161,129	165,893	209,304
Motor and Special Fuels Tax .....	321,682	321,370	327,838	336,417
Other Taxes .....	201,583	213,618	234,774	275,715
Federal Contracts and Grants <sup>2</sup> .....	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services/Royalties .....	256,213	244,527	286,879	330,998
Licenses, Permits, and Fees .....	98,632	101,529	103,635	121,382
Federal Mineral Lease .....	30,527	47,307	67,216	82,704
Federal Aeronautics .....	31,026	18,791	25,821	34,416
Intergovernmental .....	7,611	8,463	11,395	4,104
Investment Income <sup>3</sup> .....	(10,347)	34,626	69,314	71,538
Miscellaneous and Other .....	176,895	193,448	204,331	231,708
Total Revenues .....	<u>6,152,885</u>	<u>6,464,073</u>	<u>7,053,207</u>	<u>7,711,301</u>
<b>Expenditures</b>				
General Government .....	179,769	170,666	176,907	178,891
Human Services and Youth Corrections .....	531,290	533,898	553,136	576,871
Corrections, Adult .....	185,471	179,115	188,951	198,030
Public Safety .....	150,715	125,517	150,353	163,072
Courts .....	107,255	98,784	102,302	107,807
Health and Environmental Quality <sup>4</sup> .....	1,058,291	1,175,092	1,342,903	1,461,618
Higher Education—State Administration .....	42,155	34,891	32,827	39,121
Higher Education—Colleges and Universities .....	610,837	597,477	614,922	637,087
Employment and Family Services .....	321,154	363,116	394,926	417,037
Natural Resources .....	121,072	134,247	121,461	123,195
Community and Culture .....	91,014	91,986	89,051	87,621
Business, Labor, and Agriculture .....	63,940	66,382	72,124	85,115
Public Education <sup>5</sup> .....	1,998,450	1,979,880	2,033,259	2,168,896
Transportation <sup>6</sup> .....	848,617	756,634	811,088	832,285
Capital Outlay .....	112,569	205,861	173,869	139,488
Debt Service — Principal Retirement .....	104,298	109,653	124,498	183,911
Debt Service — Interest and Other Charges .....	70,890	79,367	87,462	89,768
Total Expenditures .....	<u>6,597,787</u>	<u>6,702,566</u>	<u>7,070,039</u>	<u>7,489,813</u>
Revenues Over (Under) Expenditures .....	<u>(444,902)</u>	<u>(238,493)</u>	<u>(16,832)</u>	<u>221,488</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued <sup>6</sup> .....	421,200	278,705	—	140,635
Revenue Bonds Issued .....	114,389	—	16,377	18,430
Refunding Bonds Issued .....	208,000	381,800	319,230	22,066
Premium on Bonds Issued .....	29,153	87,756	35,729	12,039
Payment of Current Bond Refunding .....	(208,000)	(150,000)	(5,050)	—
Payment to Refunded Bond Escrow Agent .....	—	(279,369)	(349,244)	(23,212)
Capital Leases/Contracts Issued .....	—	—	11,498	—
Sale of Capital Assets .....	16,115	15,412	13,066	18,070
Transfers In .....	763,114	458,734	572,766	852,989
Transfers Out .....	(734,251)	(431,833)	(555,468)	(839,392)
Special Item — Sale of Olympic Park Facilities .....	58,512	—	—	—
Special Item — Distribution to Local Governments .....	(29,772)	—	—	—
Prior Period Adjustments and Restatements .....	—	—	(1,360)	—
Total Other Financing Sources (Uses) .....	<u>638,460</u>	<u>361,205</u>	<u>57,544</u>	<u>201,625</u>
Net Change in Fund Balances .....	<u>\$ 193,558</u>	<u>\$ 122,712</u>	<u>\$ 40,712</u>	<u>\$ 423,113</u>
Debt Service as a Percentage of Noncapital Expenditures ....	2.81 %	3.02 %	3.22 %	3.87 %

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information are only available beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006. This action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

<sup>1</sup> From fiscal years 2005 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal year 2009, tax revenues decreased

# Schedule A-4

Fiscal Year				
2006	2007	2008	2009	2010
\$ 1,915,600	\$ 2,109,732	\$ 2,031,239	\$ 1,761,224	\$ 1,733,412
2,324,365	2,589,252	2,560,394	2,340,400	2,124,173
379,624	411,929	410,586	249,177	266,961
344,902	366,446	357,664	337,529	341,196
316,994	320,204	333,542	354,713	328,753
2,524,022	2,480,016	2,574,585	3,207,110	3,713,771
405,013	412,411	468,451	463,248	463,436
113,684	120,349	121,882	128,212	179,947
156,851	145,985	134,404	172,642	129,377
37,521	44,074	68,193	34,141	39,752
9,109	23,332	12,884	9,446	28,659
116,215	240,988	46,716	(132,523)	118,541
239,901	261,617	373,047	382,614	356,004
8,883,801	9,526,335	9,493,587	9,307,933	9,823,982
239,838	268,775	319,389	325,076	313,981
593,392	627,598	677,234	701,099	667,192
205,310	229,198	251,216	255,448	235,411
179,622	172,427	196,008	213,038	199,731
114,111	119,650	131,261	129,125	136,373
1,634,619	1,620,400	1,648,841	1,812,488	1,873,264
43,505	49,064	64,587	60,224	52,084
675,267	708,063	793,283	782,650	734,440
413,380	406,532	432,955	519,741	673,329
140,592	171,014	174,120	178,306	161,640
85,231	108,592	132,413	140,453	178,258
89,255	91,162	96,072	101,966	96,579
2,322,871	2,547,421	2,960,873	3,035,519	3,002,318
975,565	1,221,371	1,472,208	1,694,811	2,016,427
170,748	196,126	193,733	196,204	235,499
152,746	159,862	193,292	180,613	189,041
82,690	75,149	139,883	64,675	113,876
8,118,742	8,772,404	9,877,368	10,391,436	10,879,443
765,059	753,931	(383,781)	(1,083,503)	(1,055,461)
—	—	75,000	498,810	982,170
—	—	—	—	101,595
—	—	—	—	—
—	—	1,557	45,445	65,853
—	—	—	—	—
—	—	—	—	—
—	—	2,131	2,010	11,122
50,679	47,193	30,824	28,035	13,966
935,723	3,721,041	4,550,400	3,606,534	929,044
(952,798)	(3,674,615)	(4,512,711)	(3,557,759)	(873,367)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
33,604	93,619	147,201	623,075	1,230,383
\$ 798,663	\$ 847,550	\$ (236,580)	\$ (460,428)	\$ 174,922
3.11 %	2.95 %	3.72 %	2.66 %	3.28 %

significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease.

<sup>2</sup> In fiscal year 2009, federal contracts and grants increased in part due to funding provided by the American Recovery and Reinvestment Act.

<sup>3</sup> In fiscal years 2002 and 2009, the decrease in fair value in investments for the permanent fund created a negative revenue.

<sup>4</sup> Expenditures for health and environmental quality have increased over the last eight fiscal years due to rising Medicaid program costs.

<sup>5</sup> From fiscal years 2005 to 2009, public education expenditures increased for both enrollment growth and benefit-related costs for educators.

<sup>6</sup> Expenditures for Transportation have increased over the last four fiscal years as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

**State of Utah****Revenue Base****Last Ten Calendar Years**

(Expressed in Thousands)

	Calendar Year			
	2000	2001	2002	2003
<b>Taxable Sales, Services, and Use Tax Purchases</b>				
Agriculture, Forestry, and Fishing .....	\$ 32,173	\$ 35,596	\$ 37,667	\$ 41,251
Mining .....	202,157	207,660	157,344	141,246
Construction .....	407,857	368,364	315,095	305,795
Manufacturing .....	1,543,234	1,587,075	1,369,021	1,392,412
Transportation .....	149,218	144,106	96,434	89,823
Communications and Utilities .....	2,592,628	2,966,872	2,963,647	2,833,309
Wholesale Trade .....	3,444,614	3,278,275	3,099,989	3,105,001
Retail .....	17,954,684	18,472,120	19,049,964	19,559,540
Finance, Insurance, and Real Estate .....	469,097	442,357	457,361	390,057
Services .....	4,276,454	4,267,008	4,157,216	4,005,676
Public Administration .....	66,505	67,043	77,846	93,453
Prior Period Payments and Refunds .....	506,392	589,713	730,567	602,479
Total Taxable Sales, Services and Use Tax Purchases .....	<u>\$ 31,645,013</u>	<u>\$ 32,426,189</u>	<u>\$ 32,512,151</u>	<u>\$ 32,560,042</u>
State Sales Tax Rate .....	4.75 %	4.75 %	4.75 %	4.75 %
<b>Personal Income by Industry</b>				
Federal Civilian .....	\$ 2,092,156	\$ 2,193,593	\$ 2,423,704	\$ 2,492,234
Federal Military .....	447,703	495,066	631,174	785,698
State and Local Government .....	5,361,261	5,701,905	5,973,292	6,296,192
Forestry, Fishing, and Related Activities .....	64,061	54,705	46,069	50,461
Mining .....	495,981	550,927	532,637	540,759
Utilities .....	335,693	408,094	459,954	366,172
Construction .....	3,271,568	3,491,766	3,580,465	3,510,360
Manufacturing .....	5,648,259	5,927,719	5,718,329	6,017,090
Wholesale Trade .....	2,075,701	2,131,879	2,120,316	2,164,106
Retail Trade .....	3,418,911	3,579,776	3,639,657	3,745,249
Transportation and Warehousing .....	1,957,340	2,105,772	2,099,374	2,100,420
Information .....	1,771,212	1,671,477	1,547,549	1,545,802
Financial, Insurance, Real Estate, Rental, and Leasing .....	3,096,721	3,553,045	3,774,022	3,928,379
Services .....	11,695,394	12,253,544	12,749,249	14,924,398
Farm Earnings .....	201,081	277,134	180,687	208,888
Other <sup>1</sup> .....	11,628,169	12,197,106	12,695,237	10,735,870
Total Personal Income .....	<u>\$ 53,561,211</u>	<u>\$ 56,593,508</u>	<u>\$ 58,171,715</u>	<u>\$ 59,412,078</u>
Highest Income Tax Rate .....	7.00 %	7.00 %	7.00 %	7.00 %

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;

Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services

<sup>1</sup> Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.



# Schedule B-1

Calendar Year					
2004	2005	2006	2007	2008	2009
\$ 44,957	\$ 69,102	\$ 75,432	\$ 73,621	\$ 69,067	\$ 63,464
195,448	284,634	407,292	477,342	913,227	606,168
368,876	512,075	711,035	792,084	651,069	574,524
1,691,533	2,027,777	2,507,326	2,678,207	2,452,251	2,023,844
128,218	171,898	201,036	205,763	165,864	114,824
3,080,330	3,248,719	3,557,949	3,591,019	3,606,457	3,938,145
3,611,473	4,265,754	5,087,766	5,318,425	4,770,063	3,749,825
21,013,848	22,897,441	25,784,902	27,428,307	27,373,277	26,377,469
355,012	384,754	412,926	429,446	408,388	344,745
4,179,256	4,747,385	5,261,263	5,689,281	6,413,609	5,993,237
83,973	106,941	114,007	116,614	242,975	263,901
557,951	524,772	674,846	889,925	294,293	359,249
<u>\$ 35,310,875</u>	<u>\$ 39,241,252</u>	<u>\$ 44,795,780</u>	<u>\$ 47,690,034</u>	<u>\$ 47,360,540</u>	<u>\$ 44,409,395</u>
4.75 %	4.75 %	4.75 %	4.75 %	4.65 %	4.70 %
\$ 2,653,388	\$ 2,827,949	\$ 3,001,035	\$ 3,138,372	\$ 3,238,995	\$ 3,272,529
832,917	927,445	905,950	912,409	951,870	1,059,587
6,582,221	6,940,881	7,314,145	7,795,916	8,394,680	8,953,508
50,788	54,446	61,100	70,750	68,407	68,836
656,558	782,327	1,020,766	1,168,058	1,354,744	1,153,937
407,838	419,901	473,612	481,972	486,537	493,071
3,843,588	4,452,093	5,334,442	5,724,470	5,132,484	4,548,682
6,484,455	6,744,183	7,433,295	7,979,603	8,332,275	7,528,645
2,336,127	2,592,648	2,854,575	3,143,922	3,314,664	3,113,665
4,000,677	4,256,761	4,678,838	5,138,055	5,104,347	4,977,083
2,339,759	2,491,349	2,569,311	2,896,873	2,748,637	2,765,022
1,603,195	1,827,679	1,806,953	1,782,130	1,879,193	1,897,639
4,198,455	4,578,330	4,977,776	5,226,007	5,295,606	5,088,011
16,165,823	17,506,414	19,283,184	20,727,833	22,276,183	22,823,899
278,957	246,234	110,011	186,047	81,855	117,504
11,130,398	13,095,844	13,773,349	18,336,583	20,240,852	20,163,873
<u>\$ 63,565,144</u>	<u>\$ 69,744,484</u>	<u>\$ 75,598,342</u>	<u>\$ 84,709,000</u>	<u>\$ 88,901,329</u>	<u>\$ 88,025,491</u>
7.00 %	7.00 %	6.98 %	6.98 %	5.00 %	5.00 %

**Revenue Payers by Industry —**  
**Taxable Sales, Services, and Use Tax Purchases**  
**Most Current Calendar Year and Historical Comparison**
**Schedule B-2**

(Expressed in Thousands)

	Calendar Year 2000		Calendar Year 2009	
	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing .....	\$ 32,173	0.1 %	\$ 63,464	0.1 %
Mining .....	202,157	0.6 %	606,168	1.4 %
Construction .....	407,857	1.3 %	574,524	1.3 %
Manufacturing .....	1,543,234	4.9 %	2,023,844	4.6 %
Transportation .....	149,218	0.5 %	114,824	0.3 %
Communications and Utilities .....	2,592,628	8.2 %	3,938,145	8.9 %
Wholesale Trade .....	3,444,614	10.9 %	3,749,825	8.4 %
Retail .....	17,954,684	56.7 %	26,377,468	59.3 %
Finance, Insurance, and				
Real Estate .....	469,097	1.5 %	344,745	0.8 %
Services .....	4,276,454	13.5 %	5,993,237	13.5 %
Public Administration .....	66,505	0.2 %	263,901	0.6 %
Prior Period Payments, Refunds .....	506,392	1.6 %	359,249	0.8 %
Total Taxable Sales, Services, and Use Tax Purchases .....	<u>\$ 31,645,013</u>	<u>100.0 %</u>	<u>\$ 44,409,394</u>	<u>100.0 %</u>
State Sales Tax Rates .....	4.75 % except 2.00 % for Communications and Utilities		4.70 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2009.

**Revenue Payers — Personal Income Tax**  
**Most Current Calendar Year and Historical Comparison****Schedule B-3**

(Dollars Expressed in Thousands)

	Calendar Year 1999				Calendar Year 2008			
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>
<b>Adjusted Gross Income Class</b>								
\$10,000 and under .....	192,051	22.4 %	\$ 5,571	0.4 %	168,575	16.4 %	\$ 1,645	0.1 %
\$10,001–20,000 .....	154,270	18.0 %	41,287	2.8 %	153,906	14.9 %	24,645	1.2 %
\$20,001–30,000 .....	120,057	14.0 %	80,149	5.5 %	137,722	13.4 %	67,157	3.4 %
\$30,001–40,000 .....	92,655	10.8 %	105,432	7.2 %	109,522	10.6 %	99,020	5.0 %
\$40,001–50,000 .....	75,958	8.8 %	125,305	8.6 %	87,555	8.5 %	119,038	6.0 %
\$50,001–75,000 .....	123,428	14.4 %	310,925	21.3 %	161,759	15.7 %	353,082	17.8 %
\$75,001–100,000 .....	51,583	6.0 %	196,839	13.5 %	98,409	9.5 %	335,364	16.9 %
\$100,001–250,000 .....	41,141	4.7 %	275,660	19.0 %	99,075	9.6 %	600,572	30.2 %
Over \$250,000 .....	8,122	0.9 %	315,707	21.7 %	13,983	1.4 %	387,798	19.4 %
Total .....	<u>859,265</u>	<u>100.0 %</u>	<u>\$ 1,456,875</u>	<u>100.0 %</u>	<u>1,030,506</u>	<u>100.0 %</u>	<u>\$ 1,988,321</u>	<u>100.0 %</u>

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2008.

**Personal Income Tax Rates**  
Last Ten Calendar Years**Schedule B-4**

	Calendar Year			
	2000	2001 to 2005 <sup>1</sup>	2006 to 2007 <sup>2 3</sup>	2008 to 2009 <sup>4</sup>
	Single and Married Filing Separately			
Tax Rate .....	2.30 %	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–750	\$0–863	\$0–1,000	—
Tax Rate .....	3.30 %	3.30 %	3.30 %	—
Taxable Income Levels ..	\$751–1,500	\$864–1,726	\$1,001–2,000	—
Tax Rate .....	4.20 %	4.20 %	4.20 %	—
Taxable Income Levels ..	\$1,501–2,250	\$1,727–2,588	\$2,001–3,000	—
Tax Rate .....	5.20 %	5.20 %	5.20 %	—
Taxable Income Levels ..	\$2,251–3,000	\$2,589–3,450	\$3,001–4,000	—
Tax Rate .....	6.00 %	6.00 %	6.00 %	—
Taxable Income Levels ..	\$3,001–3,750	\$3,451–4,313	\$4,001–5,500	—
Tax Rate .....	7.00 %	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$3,750	Over \$4,313	Over \$5,500	—
FlatTax Rate .....	—	—	5.35 %	5.00 %
Married Filing Joint, Head of Household, and Qualifying Widow(er)				
Tax Rate .....	2.30 %	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–1,500	\$0–1,726	\$0–2,000	—
Tax Rate .....	3.30 %	3.30 %	3.30 %	—
Taxable Income Levels ..	\$1,501–3,000	\$1,727–3,450	\$2,001–4,000	—
Tax Rate .....	4.20 %	4.20 %	4.20 %	—
Taxable Income Levels ..	\$3,001–4,500	\$3,451–5,176	\$4,001–6,000	—
Tax Rate .....	5.20 %	5.20 %	5.20 %	—
Taxable Income Levels ..	\$4,501–6,000	\$5,177–6,900	\$6,001–8,000	—
Tax Rate .....	6.00 %	6.00 %	6.00 %	—
Taxable Income Levels ..	\$6,001–7,500	\$6,901–8,626	\$8,001–11,000	—
Tax Rate .....	7.00 %	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$7,500	Over \$8,626	Over \$11,000	—
FlatTax Rate .....	—	—	5.35 %	5.00 %

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.<sup>1</sup> The Legislature increased the income levels effective for calendar years 2001 through 2005.<sup>2</sup> The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.<sup>3</sup> The Legislature passed an option for the taxpayer to use the single rate of 5.35% or the tax tables for calendar year 2007.<sup>4</sup> The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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**State of Utah****Ratios of Outstanding Debt by Type**

Last Nine Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
General Obligation Bonds .....	\$ 1,498	\$ 1,714	\$ 1,589	\$ 1,588
State Building Ownership Authority				
Lease Revenue Bonds .....	346	335	339	312
Capital Leases .....	12	13	23	21
Contacts/Notes Payable .....	—	—	—	8
Total Governmental Activities .....	<u>1,856</u>	<u>2,062</u>	<u>1,951</u>	<u>1,929</u>
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds .....	1,227	1,311	1,398	1,545
State Building Ownership Authority				
Lease Revenue Bonds .....	23	23	24	31
Water Loan Recapitalization Revenue Bonds .....	4	3	1	—
Contacts/Notes Payable .....	—	—	—	—
Total Business-type Activities .....	<u>1,254</u>	<u>1,337</u>	<u>1,423</u>	<u>1,576</u>
Total Primary Government <sup>1</sup> .....	<u>\$ 3,110</u>	<u>\$ 3,399</u>	<u>\$ 3,374</u>	<u>\$ 3,505</u>
Debt as a Percentage of Personal Income <sup>1</sup> .....	5.35 %	5.72 %	5.31 %	5.03 %
Amount of Debt Per Capita (expressed in dollars) .....	\$ 1,319	\$ 1,408	\$ 1,367	\$ 1,376
<b>Net General Obligation Bonded Debt</b>				
General Obligation Bonds .....	\$ 1,498	\$ 1,714	\$ 1,589	\$ 1,588
Less: Restricted Debt Service Funds .....	(6)	—	—	—
Net General Obligation Bonded Debt .....	<u>\$ 1,492</u>	<u>\$ 1,714</u>	<u>\$ 1,589</u>	<u>\$ 1,588</u>
Net General Obligation Bonded Debt as a Percentage of				
Taxable Property Value <sup>2</sup> .....	1.24 %	1.37 %	1.23 %	1.17 %
Amount of Net General Obligation Bonded				
Debt Per Capita (expressed in dollars) <sup>1</sup> .....	\$ 633	\$ 710	\$ 644	\$ 623

Sources: Utah State Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Planning and Budget – Demographics.

Note: Debt includes principal, premiums, discounts, and deferred amounts on refundings.

Ratios of outstanding debt by type, presented separately by governmental and business-type activities, are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

<sup>1</sup> Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

<sup>2</sup> The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C–3 for taxable property value.

# Schedule C-1

Fiscal Year				
2006	2007	2008	2009	2010
\$ 1,437	\$ 1,284	\$ 1,198	\$ 1,563	\$ 2,410
296	275	162	149	239
20	18	19	19	28
8	7	1	1	—
<u>1,761</u>	<u>1,584</u>	<u>1,380</u>	<u>1,732</u>	<u>2,677</u>
2,138	2,138	2,165	2,235	1,389
38	37	51	75	98
—	—	—	—	68
—	—	—	297	811
<u>2,176</u>	<u>2,175</u>	<u>2,216</u>	<u>2,607</u>	<u>2,366</u>
<u>\$ 3,937</u>	<u>\$ 3,759</u>	<u>\$ 3,596</u>	<u>\$ 4,339</u>	<u>\$ 5,043</u>
5.21 %	4.44 %	4.04 %	4.93 %	5.59 %
\$ 1,506	\$ 1,392	\$ 1,304	\$ 1,550	\$ 1,770
\$ 1,437	\$ 1,284	\$ 1,198	\$ 1,563	\$ 2,410
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 1,437</u>	<u>\$ 1,284</u>	<u>\$ 1,198</u>	<u>\$ 1,563</u>	<u>\$ 2,410</u>
0.99 %	0.76 %	0.59 %	0.70 %	1.13 %
\$ 550	\$ 476	\$ 434	\$ 558	\$ 846

**Other Long-Term Liabilities**

Last Nine Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
General Obligation Bonds <sup>4</sup> .....	\$ 1,474,400	\$ 1,623,680	\$ 1,510,160	\$ 1,514,510
State Building Ownership Authority				
Lease Revenue Bonds .....	342,378	331,537	335,941	308,898
Net Unamortized Premiums .....	27,642	107,435	108,594	101,395
Deferred Amounts on Refunding .....	—	(14,038)	(26,966)	(25,361)
Capital Leases .....	15,026	12,846	22,902	20,931
Contracts/Notes Payable <sup>1</sup> .....	—	—	—	8,527
Compensated Absences <sup>2</sup> .....	135,541	134,746	139,594	140,029
Postemployment Benefits <sup>3</sup> .....	213,633	216,442	240,538	—
Claims .....	126,709	43,659	40,423	44,673
Pollution Remediation Obligation <sup>1</sup> .....	—	—	—	—
Arbitrage Liability .....	99	103	—	—
Net Other Post Employment Benefit Obligation .....	—	—	—	—
Settlement Obligations .....	—	—	—	—
Total Governmental Activities .....	<u>2,335,428</u>	<u>2,456,410</u>	<u>2,371,186</u>	<u>2,113,602</u>
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds .....	1,227,325	1,310,965	1,397,460	1,544,830
State Building Ownership Authority				
Lease Revenue Bonds .....	22,858	22,341	23,330	30,672
Water Loan Recapitalization Revenue Bonds .....	4,135	2,640	1,060	—
Net Unamortized Premiums .....	269	265	237	1,061
Deferred Amounts on Refunding .....	—	—	—	(464)
Capital Leases .....	96	—	—	—
Contracts/Notes Payable <sup>5</sup> .....	—	—	—	—
Claims and Uninsured Liabilities .....	—	—	5,201	6,025
Arbitrage Liability .....	36,830	52,884	61,766	66,411
Total Business-type Activities .....	<u>1,291,513</u>	<u>1,389,095</u>	<u>1,489,054</u>	<u>1,648,535</u>
Total Primary Government				
Other Long-term Liabilities .....	<u>\$ 3,626,941</u>	<u>\$ 3,845,505</u>	<u>\$ 3,860,240</u>	<u>\$ 3,762,137</u>

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

<sup>1</sup> Beginning in 2008 the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported as Pollution Remediation Obligation per the implementation of Governmental Accounting Standards Board (GASB) Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

<sup>2</sup> During 2009, a new evaluation was performed in accordance with Governmental Accounting Standards Board (GASB) Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

<sup>3</sup> Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

<sup>4</sup> In 2010, the State elected to issue bonds for highway and building construction projects to take advantage of historically low interest rates and ease budget constraints.

<sup>5</sup> During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The program was created to assist lenders in obtaining financing for student loans during 2008-2010 academic years.



**Schedule C-2**

Fiscal Year				
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 1,377,390	\$ 1,237,170	\$ 1,161,510	\$ 1,492,620	\$ 2,299,300
293,226	273,538	161,614	148,654	236,629
83,347	66,581	51,011	80,962	119,694
(21,546)	(17,732)	(13,621)	(10,151)	(7,080)
19,644	18,228	18,769	19,210	27,542
7,936	6,941	559	512	484
148,762	185,630	186,581	162,689	162,120
—	—	—	—	—
46,725	44,755	41,285	43,650	41,897
—	—	7,842	7,687	7,690
—	109	—	—	—
—	—	—	3,918	5,693
—	—	—	—	39,422
<u>1,955,484</u>	<u>1,815,220</u>	<u>1,615,550</u>	<u>1,949,751</u>	<u>2,933,391</u>
2,138,085	2,137,655	2,165,180	2,235,322	1,388,922
37,814	36,552	50,246	73,676	96,476
—	—	—	—	65,800
988	879	1,117	1,491	4,093
(415)	(365)	(318)	(267)	(221)
—	—	—	—	—
—	—	—	297,381	811,354
4,960	4,678	5,786	14,941	19,105
67,845	72,487	65,945	57,782	50,214
<u>2,249,277</u>	<u>2,251,886</u>	<u>2,287,956</u>	<u>2,680,326</u>	<u>2,435,743</u>
<u><u>\$ 4,204,761</u></u>	<u><u>\$ 4,067,106</u></u>	<u><u>\$ 3,903,506</u></u>	<u><u>\$ 4,630,077</u></u>	<u><u>\$ 5,369,134</u></u>

## State of Utah

### Legal Debt Margin Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2001	2002	2003	2004
Taxable Property, Taxable Value <sup>1</sup> .....	\$ 112,218	\$ 120,332	\$ 125,437	\$ 129,345
Taxable Property, Fair Market Value <sup>1</sup> .....	\$ 152,329	\$ 163,186	\$ 170,776	\$ 176,541
Debt Limit (Fair Market Value times 1.5%) .....	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount .....	2,285	2,448	2,562	2,648
Net General Obligation Bonded Debt <sup>2</sup> .....	1,146	1,498	1,714	1,589
Legal Debt Margin .....	<u>\$ 1,139</u>	<u>\$ 950</u>	<u>\$ 848</u>	<u>\$ 1,059</u>
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount .....	50.15 %	61.19 %	66.90 %	60.01 %

Source: Utah State Tax Commission.

Note: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. Section 1 of the Article limits outstanding state general obligation debt to 1.5 percent of the fair market value of the taxable property in the State. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

<sup>1</sup> Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2009, are used for fiscal year 2010.

<sup>2</sup> Prior to fiscal year 2002, only principal debt is included; not included are premiums, discounts and deferred amounts on refundings. During 2010, the State issued just under \$1 billion in General Obligation bonds to take advantage of low interest rates and ease budget constraints.

### Statutory Debt Limit Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2001	2002	2003	2004
Appropriations Limitation Amount <sup>1</sup> .....	\$ 3,798,512	\$ 4,176,703	\$ 4,150,684	\$ 1,856,205
Limit (Appropriations Limitation Amount times applicable percentage) <sup>1</sup> .....	20.00%	20.00%	20.00%	45.00%
Statutory Debt Limit Amount .....	<u>759,702</u>	<u>835,341</u>	<u>830,137</u>	<u>835,292</u>
Net General Obligation Bonded Debt .....	1,146,000	1,498,371	1,713,755	1,588,810
Less: Exempt Highway Construction Bonds .....	<u>(908,000)</u>	<u>(1,000,450)</u>	<u>(1,020,049)</u>	<u>(980,811)</u>
Net General Obligation Bonded Debt Subject to Statutory Debt Limit .....	<u>238,000</u>	<u>497,921</u>	<u>693,706</u>	<u>607,999</u>
Additional General Obligation Debt Incurring Capacity .....	<u>\$ 521,702</u>	<u>\$ 337,420</u>	<u>\$ 136,431</u>	<u>\$ 227,293</u>

Source: Utah State Administrative Services, Division of Finance.

Notes: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. In addition, Title 63, Chapter 38c of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

<sup>1</sup> The 2004 Legislature made changes to the calculation of the appropriations limit which also necessitated changing the applicable percentage from 20 to 45 percent, effective for fiscal year 2004.

### Schedule C-3

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 135,827	\$ 144,519	\$ 168,812	\$ 201,774	\$ 224,689	\$ 212,423
\$ 185,620	\$ 198,983	\$ 233,013	\$ 282,176	\$ 311,525	\$ 291,460
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2,784	2,985	3,495	4,233	4,673	4,372
1,588	1,437	1,284	1,198	1,563	2,410
\$ 1,196	\$ 1,548	\$ 2,211	\$ 3,035	\$ 3,110	\$ 1,962
57.04 %	48.14 %	36.74 %	28.30 %	33.45 %	55.12 %

### Schedule C-4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 1,956,584	\$ 2,099,609	\$ 2,276,693	\$ 2,477,629	\$ 2,515,576	\$ 2,657,135
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
880,463	944,824	1,024,512	1,114,933	1,132,009	1,195,711
1,587,804	1,436,845	1,284,023	1,198,172	1,562,815	2,409,939
(957,093)	(877,979)	(790,567)	(763,583)	(1,079,270)	(1,860,685)
630,711	558,866	493,456	434,589	483,545	549,254
\$ 249,752	\$ 385,958	\$ 531,056	\$ 680,344	\$ 648,464	\$ 646,457

**Pledged Revenue Bond Coverage****Schedule C-5**

Last Nine Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues <sup>1</sup>	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
Water Loan Programs <sup>5</sup>						
2010	\$ 13,875	\$ 31,213	\$ (17,338)	\$ —	\$ 862	(20.11)
2009	\$ —	\$ —	\$ —	\$ —	\$ —	—
2008	\$ —	\$ —	\$ —	\$ —	\$ —	—
2007	\$ —	\$ —	\$ —	\$ —	\$ —	—
2006	\$ —	\$ —	\$ —	\$ —	\$ —	—
2005	\$ 9,796	\$ 8,611	\$ 1,185	\$ 1,060	\$ 37	1.08
2004	\$ 9,160	\$ 6,613	\$ 2,547	\$ 1,580	\$ 117	1.50
2003	\$ 8,975	\$ 6,873	\$ 2,102	\$ 1,495	\$ 201	1.24
2002	\$ 9,132	\$ 5,716	\$ 3,416	\$ 4,540	\$ 465	0.68
Student Assistance Programs <sup>4</sup>						
2010	\$ 70,616	\$ 42,470	\$ 28,146	\$ 966,668	\$ 35,967	0.03
2009	\$ 84,465	\$ 25,658	\$ 58,807	\$ 121,358	\$ 62,839	0.32
2008	\$ 129,255	\$ 19,682	\$ 109,573	\$ 72,145	\$ 98,154	0.64
2007	\$ 146,108	\$ 33,211	\$ 112,897	\$ 430	\$ 97,729	1.15
2006	\$ 118,044	\$ 37,810	\$ 80,234	\$ 40,420	\$ 64,807	0.76
2005	\$ 83,093	\$ 31,944	\$ 51,149	\$ 3,710	\$ 33,404	1.38
2004	\$ 67,550	\$ 35,645	\$ 31,905	\$ 43,640	\$ 18,797	0.51
2003	\$ 69,561	\$ 41,346	\$ 28,215	\$ 36,110	\$ 23,507	0.47
2002	\$ 72,451	\$ 22,216	\$ 50,235	\$ 7,540	\$ 29,367	1.36

Notes: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, pledged revenue bond coverage is only available beginning in fiscal year 2002.

<sup>1</sup> Revenues for Water Loan Programs are primarily interest on revolving loan receivables. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

<sup>2</sup> Operating Expenses do not include interest, depreciation, or amortization expenses.

<sup>3</sup> Coverage equals net available revenue divided by debt service.

<sup>4</sup> Only the Student Loan Purchase Program bonds are presented.

<sup>5</sup> Between years 2006 and 2009, the State did not issue any water loan recapitalization bonds. Current year revenues were sufficient to cover program expenses.

**Demographic and Economic Indicators**  
Last Ten Calendar Years**Schedule D-1**

Calendar Year	Population (in Thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.		Utah	U.S.	
	Number	Change	Number	Change			
2001	2,306	2.6 %	285,226	1.1 %	4.4 %	4.8 %	23,848
2002	2,358	2.3 %	288,126	1.0 %	5.8 %	5.8 %	17,299
2003	2,414	2.4 %	290,796	0.9 %	5.7 %	6.0 %	18,568
2004	2,469	2.3 %	293,638	1.0 %	5.0 %	5.5 %	18,367
2005	2,547	3.2 %	296,507	1.0 %	4.2 %	5.1 %	40,647
2006	2,615	2.7 %	299,200	0.9 %	3.0 %	4.6 %	28,730
2007	2,700	3.3 %	302,040	0.9 %	2.7 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.7 %	5.8 %	16,648
2009	2,800	1.5 %	307,979	1.0 %	6.6 %	9.3 %	1,500
2010 (est.)	2,849	1.8 %	310,800	0.9 %	7.6 %	9.7 %	10,000

Calendar Year	Personal Income (in Millions)				Per Capita Income (in Dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2001	\$ 56,594	5.7 %	\$ 8,724,125	3.5 %	\$ 24,542	3.0 %	\$ 30,587	9.8 %
2002	\$ 58,172	2.8 %	\$ 8,881,900	1.8 %	\$ 24,670	0.5 %	\$ 30,826	0.8 %
2003	\$ 59,412	2.1 %	\$ 9,163,600	3.2 %	\$ 24,611	(0.2)%	\$ 31,512	2.2 %
2004	\$ 63,565	7.0 %	\$ 9,727,200	6.2 %	\$ 25,745	4.6 %	\$ 33,127	5.1 %
2005	\$ 69,744	9.7 %	\$ 10,269,750	5.6 %	\$ 27,383	6.4 %	\$ 34,636	4.6 %
2006	\$ 75,598	8.4 %	\$ 10,993,900	7.1 %	\$ 28,909	5.6 %	\$ 36,744	6.1 %
2007	\$ 84,709	12.1 %	\$ 11,894,000	8.2 %	\$ 31,374	8.5 %	\$ 39,379	7.2 %
2008	\$ 88,902	4.9 %	\$ 12,391,000	4.2 %	\$ 32,234	2.7 %	\$ 40,627	3.2 %
2009	\$ 88,026	(1.0)%	\$ 12,175,000	(1.7)%	\$ 31,438	(2.5)%	\$ 39,532	(2.7)%
2010 (est.)	\$ 90,253	2.5 %	\$ 12,515,000	2.8 %	\$ 31,679	0.8 %	\$ 40,267	1.9 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2010 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Service. The 2010 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2010 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2010 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

**Principal Employers****Schedule D-2****Most Current Calendar Year and Historical Comparison**

<b>Entity Name</b>	<b>Calendar Year 2000</b>			<b>Calendar Year 2009</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>
Intermountain Health Care (IHC) .....	20,000 +	2	2.1 %	20,000 +	1	2.2 %
State of Utah .....	20,000 +	1	2.1 %	20,000 +	2	1.9 %
Wal-Mart Stores .....	5,000 – 6,999	10	0.7 %	15,000 – 19,999	3	1.5 %
Brigham Young University .....	15,000 – 19,999	3	1.6 %	15,000 – 19,999	4	1.4 %
University of Utah (includes Hospital) .....	15,000 – 19,999	4	1.6 %	15,000 – 19,999	5	1.3 %
Hill Air Force Base .....	10,000 – 14,999	5	0.9 %	10,000 – 14,999	6	1.0 %
Granite School District .....	7,000 – 9,999	7	0.8 %	7,000 – 9,999	7	0.8 %
Davis County School District .....				7,000 – 9,999	8	0.7 %
Jordan School District .....	7,000 – 9,999	8	0.6 %	5,000 – 6,999	9	0.7 %
Kroger Group Cooperative .....				5,000 – 6,999	10	0.6 %
Convergys .....	7,000 – 9,999	6	0.8 %			
Utah State University .....	5,000 – 6,999	9	0.7 %			
Total Employees of						
Principal Employers .....	128,000		12.9 %	146,600		12.1 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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**State of Utah****Composition of Labor Force**

Last Ten Calendar Years

	Calendar Year			
	2000	2001	2002	2003
<b>Nonagricultural Jobs</b>				
Government .....	185,349	190,117	195,246	196,537
Mining .....	7,291	7,209	6,880	6,670
Construction .....	72,309	71,620	67,838	67,599
Manufacturing .....	125,784	122,092	113,873	112,291
Trade, Transportation, and Utilities .....	219,823	219,954	216,032	213,970
Information .....	35,927	33,514	31,004	30,016
Financial Activity .....	58,731	62,214	63,352	64,674
Professional and Business Services .....	139,533	136,646	131,912	131,910
Education and Health Services .....	104,855	109,520	113,696	118,379
Leisure and Hospitality .....	95,391	98,328	100,943	99,634
Other Services .....	29,886	30,471	32,970	32,451
Total Nonagricultural Jobs .....	<u>1,074,879</u>	<u>1,081,685</u>	<u>1,073,746</u>	<u>1,074,131</u>
Civilian Labor Force .....	1,104,208	1,159,433	1,181,691	1,207,436
Total Employed .....	1,068,371	1,108,547	1,113,645	1,139,129
Unemployed .....	35,837	50,886	68,046	68,307
Unemployment Rate .....	3.4 %	4.4 %	5.8 %	5.7 %

Source: Utah Department of Workforce Services

Note: The U.S. Bureau of Economic Analysis switched from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001. The Utah Department of Workforce Services provided calendar year 2000 data that conforms to the NAICS groupings.



# Schedule D-3

Calendar Year					
2004	2005	2006	2007	2008	2009
198,877	202,307	204,483	206,868	211,710	214,680
7,083	8,473	10,024	11,034	12,506	10,696
72,631	81,685	95,164	103,450	90,469	70,492
114,765	117,246	123,064	127,695	125,852	112,879
219,212	225,938	234,797	245,672	247,978	234,098
30,272	32,105	32,541	32,448	30,747	29,570
65,040	67,583	71,469	74,739	74,050	71,092
138,220	146,704	154,834	161,022	162,194	149,532
123,282	128,605	134,410	139,991	146,617	150,866
102,031	104,223	108,477	112,821	114,813	110,859
32,915	33,451	34,651	35,542	35,534	34,028
<u>1,104,328</u>	<u>1,148,320</u>	<u>1,203,914</u>	<u>1,251,282</u>	<u>1,252,470</u>	<u>1,188,792</u>
1,237,055	1,276,378	1,318,473	1,356,550	1,368,182	1,364,494
1,174,797	1,223,248	1,279,453	1,319,784	1,317,082	1,274,788
62,258	53,130	39,020	36,766	51,100	89,706
5.0 %	4.2 %	3.0 %	2.7 %	3.7 %	6.6 %

**State of Utah****Public Education Student Enrollment (K–12)**

Last Ten Academic Years

	Academic Year			
	2000–01	2001–02	2002–03	2003–04
Elementary .....	256,429	259,328	262,168	266,666
Secondary .....	218,840	218,473	218,975	220,272
Total All Grades .....	<u>475,269</u>	<u>477,801</u>	<u>481,143</u>	<u>486,938</u>

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1<sup>st</sup> counts.**Public Higher Education Enrollment**

Last Ten Academic Years

	Academic Year			
	2001–02	2002–03	2003–04	2004–05
University of Utah .....	27,664	29,992	29,936	30,479
Utah State University .....	23,001	22,848	23,474	23,908
Weber State University .....	17,258	18,654	19,167	18,875
Southern Utah University .....	6,095	5,881	6,048	6,672
Salt Lake Community College .....	24,220	23,873	24,154	25,711
Utah Valley State College .....	22,609	23,609	23,803	24,149
Dixie State College of Utah <sup>1</sup> .....	7,255	7,473	7,682	8,564
College of Eastern Utah .....	2,746	2,646	2,692	2,471
Snow College .....	4,096	3,768	4,036	4,108
Utah College of Applied Technology .....	37,210	37,660	35,549	25,817
Total All Institutions .....	<u>172,154</u>	<u>176,404</u>	<u>176,541</u>	<u>170,754</u>

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

<sup>1</sup> Dixie State College of Utah included summer term headcounts for academic years prior to 2006–07.

**Schedule D-4**


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Academic Year					
<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
273,163	283,972	295,252	314,676	322,704	329,027
<u>222,519</u>	<u>226,040</u>	<u>230,835</u>	<u>236,694</u>	<u>240,569</u>	<u>247,308</u>
<u><u>495,682</u></u>	<u><u>510,012</u></u>	<u><u>526,087</u></u>	<u><u>551,370</u></u>	<u><u>563,273</u></u>	<u><u>576,335</u></u>

**Schedule D-5**


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Academic Year					
<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
30,558	30,511	29,797	30,228	31,407	32,671
23,107	23,623	24,421	23,925	25,065	25,767
18,334	18,642	18,306	21,674	23,331	24,126
6,859	7,029	7,057	7,516	8,066	8,024
25,551	25,129	25,144	29,866	33,774	33,983
24,487	23,305	23,840	26,696	28,765	32,670
9,114	5,967	5,944	6,443	7,911	8,755
2,179	2,220	2,444	2,082	2,173	2,634
4,113	4,179	3,745	3,798	4,368	4,386
<u>25,199</u>	<u>19,389</u>	<u>19,595</u>	<u>20,321</u>	<u>18,831</u>	<u>18,476</u>
<u><u>169,501</u></u>	<u><u>159,994</u></u>	<u><u>160,293</u></u>	<u><u>172,549</u></u>	<u><u>183,691</u></u>	<u><u>191,492</u></u>

**Full-Time Equivalent State Employees by Function**

Last Ten Fiscal Years

	Fiscal Year			
	2001	2002	2003	2004
General Government				
Government Operations <sup>1</sup> .....	1,321	1,344	1,297	1,295
Tax Commission .....	884	872	835	846
All Other .....	144	145	144	127
Human Services and Youth Corrections .....	4,605	4,706	4,543	4,630
Adult Corrections .....	2,243	2,253	2,159	2,228
Public Safety				
Department of Public Safety .....	1,106	1,171	1,166	1,211
Utah National Guard .....	202	223	227	252
State Courts .....	1,127	1,125	1,053	1,056
Health and Environmental Quality				
Department of Health .....	1,144	1,189	1,207	1,271
Department of Environmental Quality .....	404	416	408	397
Employment and Family Services .....	1,772	1,850	1,889	1,993
Natural Resources .....	1,191	1,219	1,215	1,266
Community and Culture <sup>1</sup> .....	302	297	267	262
Business, Labor, and Agriculture .....	688	701	701	703
Education				
Public Education Support .....	1,061	1,066	1,055	1,088
Higher Education Support .....	158	160	147	154
Transportation .....	<u>1,895</u>	<u>1,951</u>	<u>1,871</u>	<u>1,829</u>
Total Full-time Equivalent State Employees .....	<u><u>20,247</u></u>	<u><u>20,688</u></u>	<u><u>20,184</u></u>	<u><u>20,608</u></u>

Source: Utah State Administrative Services, Division of Finance

<sup>1</sup> In fiscal year 2006, the Legislative action created the Governor's Office of Economic Development; this action shifted employees from community and culture to the government operations function.

# Schedule E-1

Fiscal Year					
2005	2006	2007	2008	2009	2010
1,292	1,345	2,074	2,114	2,084	2,018
844	852	764	777	763	723
132	147	152	157	154	157
4,697	4,644	4,521	4,546	4,464	4,155
2,234	2,319	2,316	2,377	2,439	2,271
1,182	1,159	1,151	1,153	1,202	1,218
245	247	246	237	239	196
1,073	1,077	1,077	1,112	1,096	1,068
1,289	1,295	1,231	991	988	950
403	406	382	385	383	384
1,999	1,931	1,729	2,030	2,062	2,066
1,273	1,319	1,304	1,330	1,361	1,350
251	188	187	188	191	193
712	716	706	722	715	691
1,129	1,176	1,159	1,168	1,178	1,170
177	200	230	223	205	171
<u>1,762</u>	<u>1,768</u>	<u>1,691</u>	<u>1,716</u>	<u>1,685</u>	<u>1,637</u>
<u><u>20,694</u></u>	<u><u>20,789</u></u>	<u><u>20,920</u></u>	<u><u>21,226</u></u>	<u><u>21,209</u></u>	<u><u>20,418</u></u>

**Operating Indicators by Function**

Last Ten Fiscal Years

	Fiscal Year			
	2001	2002	2003	2004
<b>General Government</b>				
Government Operations				
Construction Projects Managed .....	638	757	886	844
Tax Commission				
Percent of Data Managed Electronically .....	20.1 %	27.3 %	33.5 %	42.1 %
Number of Returns Filed Electronically .....	191,565	263,337	325,077	409,249
Motor Vehicle Registrations (in thousands) .....	2,383	2,464	2,524	2,657
<b>Human Services and Youth Corrections</b>				
Food Stamp Recipients <sup>1</sup> .....	143,372	160,180	186,074	211,480
Percent of Population .....	6.2 %	6.8 %	7.7 %	8.6 %
Juveniles, Daily Average in Justice System Placement .....	1,288	1,231	1,208	1,203
Rate of Recombitment to Juvenile Custody .....	10.2 %	9.8 %	10.3 %	9.4 %
<b>Adult Corrections</b>				
Incarcerated Offenders <sup>1</sup> .....	5,590	5,434	5,687	5,875
Supervised Offenders <sup>1</sup> .....	11,025	11,392	11,514	11,519
Utah Incarceration Rate (per 100,000 population) .....	230	233	240	246
US Incarceration Rate (per 100,000 population) .....	470	476	482	486
<b>State Courts <sup>2</sup></b>				
State Court Filings .....	350,633	342,794	313,340	294,376
State Court Dispositions .....	354,961	338,551	323,235	317,015
<b>Health</b>				
Children's Health Insurance Program Enrollment .....	21,366	24,674	24,854	28,443
Medicaid Eligible (unduplicated) .....	235,813	249,447	249,745	276,813
Percent of Population .....	10.2 %	10.6 %	10.3 %	11.2 %
<b>Employment and Family Services</b>				
Individuals Registered for Employment .....	252,520	263,218	259,914	256,934
Percent Who Entered Employment .....	N/A	62 %	62 %	61 %
<b>Natural Resources</b>				
Hatchery Fish, Pounds Raised .....	862,442	810,513	887,546	930,071
Hunting and Fishing Licenses Sold (in thousands) <sup>1 3</sup> .....	408,587	373,381	360,285	366,256
State Park Visitations (in thousands) .....	6,075	5,640	4,573	4,414
<b>Business, Labor, and Agriculture</b>				
Department of Commerce				
Licenses and Registrations Issued <sup>4</sup> .....	249,927	251,982	250,295	257,140
Department of Agriculture and Food				
Dairy Farm Inspections .....	1,369	1,453	1,145	1,087
Pounds of Turkey Inspected and Graded (in thousands) ...	81,279	88,989	88,780	69,371
Gas Pumps and Scales Inspected .....	20,434	21,602	23,913	22,510
<b>Higher Education</b>				
Number of Certificates and Degrees Awarded .....	22,327	25,026	25,999	30,801
<b>Transportation</b>				
Percent of Roads Which are Deficient (see page 131) <sup>1</sup> .....	8.3 %	6.6 %	6.4 %	6.2 %
Vehicles Weighed or Inspected (in thousands) .....	5,467	5,647	5,462	5,456

Source: Various departments of the State and Utah State Board of Regents.

Note: N/A = Not Available

<sup>1</sup> Data is provided on a calendar year basis.<sup>2</sup> State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.<sup>3</sup> Includes only licenses for elk, deer, fishing and all other big game. Year 2010 is an estimate.<sup>4</sup> Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

**Schedule E-2**

Fiscal Year					
2005	2006	2007	2008	2009	2010
782	828	909	946	841	847
48.3 %	54.4 %	58.9 %	62.9 %	65.3 %	70.5 %
482,443	565,851	640,365	725,293	748,879	777,485
2,732	2,818	2,955	2,779	2,759	2,681
225,685	230,288	214,164	224,313	293,151	363,714
8.9 %	8.8 %	7.9 %	8.1 %	10.5 %	12.8 %
1,239	1,128	1,150	1,132	1,105	1,023
7.3 %	9.5 %	6.8 %	7.3 %	7.2 %	8.3 %
6,148	6,325	6,502	6,489	6,521	N/A
11,798	12,158	11,521	12,519	12,423	N/A
240	240	246	232	232	N/A
488	497	445	509	504	N/A
300,049	283,724	275,020	270,684	369,830	367,541
339,664	263,703	240,180	225,362	369,772	341,626
28,924	35,259	31,998	32,101	38,036	41,503
286,983	287,559	274,710	267,378	298,372	325,204
11.3 %	11.0 %	10.2 %	9.7 %	10.7 %	11.4 %
266,105	250,855	202,642	211,906	283,692	317,998
66 %	70 %	72 %	74 %	71 %	59 %
893,497	1,062,512	993,323	964,630	1,106,719	1,334,782
366,341	415,066	438,286	599,691	607,875	598,474
4,299	4,532	4,676	4,549	4,624	4,620
262,216	291,162	309,106	314,894	321,943	308,717
1,089	1,054	769	718	743	N/A
92,650	88,544	85,954	81,945	55,685	N/A
37,892	26,394	21,423	19,631	22,216	15,548
30,093	30,463	30,182	33,608	26,990	28,639
6.3 %	11.3 %	12.4 %	13.9 %	13.1 %	N/A
5,528	5,796	6,358	6,278	4,790	4,686

**Capital Asset Statistics by Function**

Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
<b>General Government</b>				
Buildings .....	306	307	313	319
Vehicles .....	7,422	7,339	7,368	7,354
Data Processing Equipment and Software .....	3,727	3,927	2,048	2,116
Reproduction and Printing Equipment .....	750	872	1,013	1,011
<b>Human Services and Youth Corrections</b>				
Data Processing Equipment and Software .....	78	81	84	86
<b>Adult Corrections</b>				
Data Processing Equipment and Software .....	186	183	185	188
Security and Surveillance Equipment .....	44	44	43	41
<b>Public Safety</b>				
Department of Public Safety				
Vehicles .....	29	21	22	28
Data Processing Equipment and Software .....	189	95	117	129
Medical and Lab Equipment .....	187	109	116	122
Utah National Guard				
Buildings .....	198	199	201	202
<b>State Courts</b>				
Data Processing Equipment and Software .....	146	148	151	80
Audio Visual Equipment .....	107	141	163	188
<b>Health and Environmental Quality</b>				
Department of Health				
Data Processing Equipment and Software .....	285	276	214	229
Medical and Lab Equipment .....	152	159	172	189
Department of Environmental Quality				
Monitoring and Lab Equipment .....	238	250	247	279
<b>Employment and Family Services</b>				
Department of Workforce Services				
Data Processing Equipment and Software .....	235	226	289	351
<b>Natural Resources</b>				
Division of Parks and Recreation				
State Parks .....	39	39	39	40
Buildings .....	527	562	634	626
Vehicles .....	216	239	248	258
Division of Wildlife Resources				
Wildlife Management Areas .....	87	87	87	87
Fish Hatcheries .....	11	11	11	11
Buildings .....	166	185	192	167
Vehicles .....	89	93	107	117
<b>Business, Labor, and Agriculture</b>				
Data Processing Equipment and Software .....	98	94	91	100
Monitoring and Lab Equipment .....	88	90	101	107
<b>Transportation</b>				
Highway Center Line Miles .....	5,855	5,799	5,733	5,724
Buildings .....	297	299	308	315
Vehicles .....	742	693	701	737
Heavy Equipment .....	1,827	1,892	1,991	2,158

Source: Utah State Administrative Services, Division of Finance and various agencies of the State.

Note: Capital asset statistics by function are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

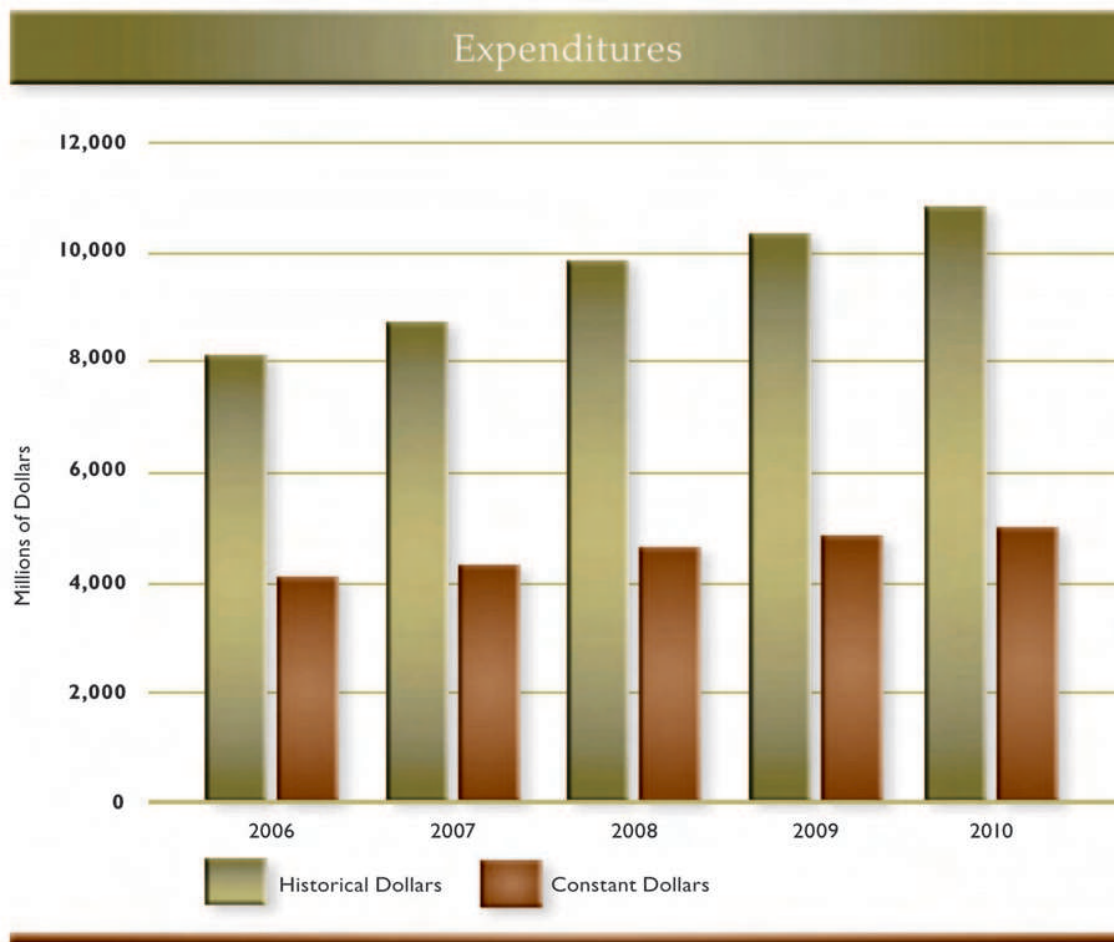


# Schedule E-3

Fiscal Year				
2006	2007	2008	2009	2010
319	288	289	290	299
7,376	7,376	7,437	7,256	7,266
2,179	2,156	2,302	2,448	2,437
1,011	948	1,020	994	1,003
75	72	61	45	64
192	189	230	219	226
40	43	52	55	59
35	28	28	28	34
135	121	127	182	200
133	140	146	147	174
204	192	192	193	206
85	86	95	95	105
190	190	191	190	192
215	216	211	216	147
204	203	228	218	257
295	304	313	327	316
370	424	458	464	449
42	42	42	42	42
622	642	667	681	684
269	296	292	315	329
87	87	87	92	92
11	11	11	11	11
167	164	165	163	166
136	142	189	193	208
94	94	99	91	94
108	107	106	106	105
5,680	5,777	5,754	5,699	5,753
336	343	345	358	361
770	812	832	832	824
2,346	2,462	2,543	2,544	2,538

**Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years

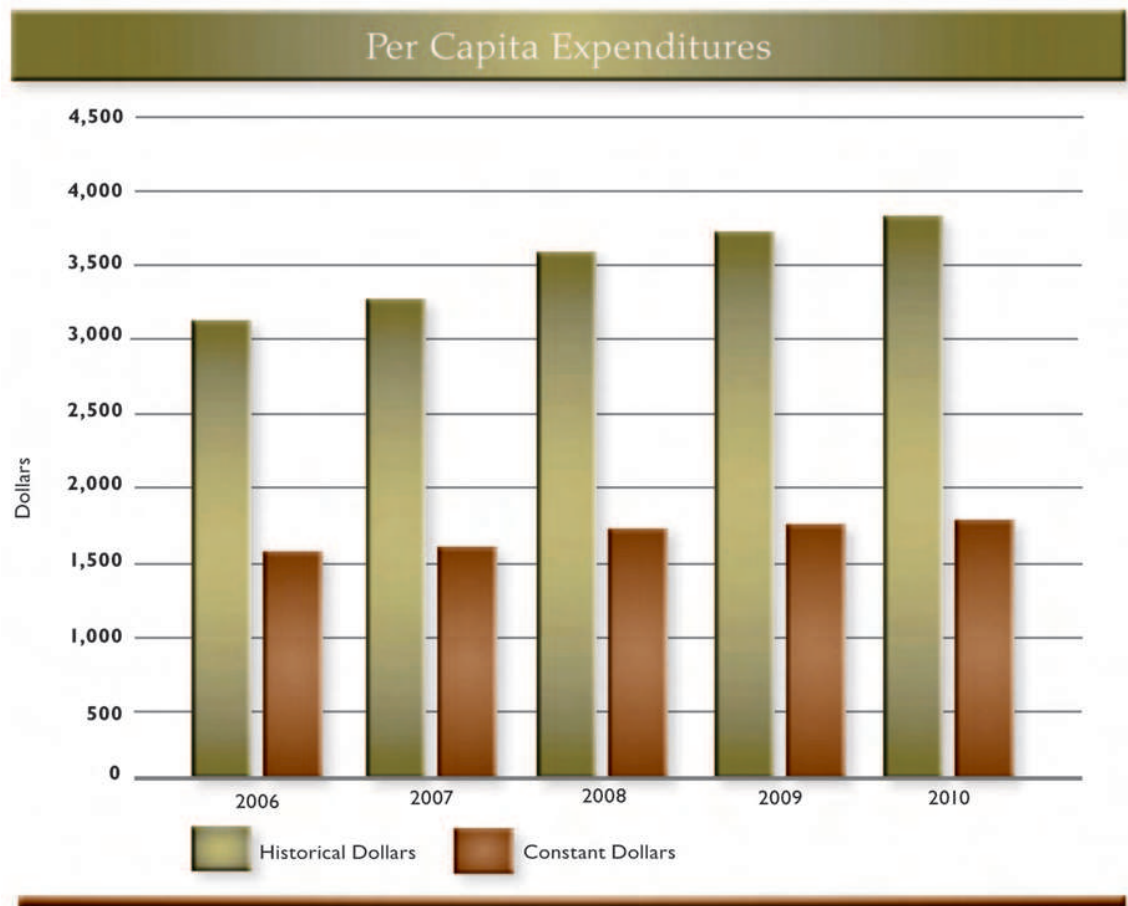
**Schedule F-1**



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2006	\$ 8,119	8.4 %	\$ 4,080	4.4 %
2007	\$ 8,772	8.0 %	\$ 4,297	5.3 %
2008	\$ 9,877	12.6 %	\$ 4,666	8.6 %
2009	\$ 10,391	5.2 %	\$ 4,842	3.8 %
2010	\$ 10,879	4.7 %	\$ 5,024	3.8 %

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

**Per Capita Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2006	\$ 3,105	5.6 %	\$ 1,560	1.6 %
2007	\$ 3,249	4.6 %	\$ 1,592	2.1 %
2008	\$ 3,581	10.2 %	\$ 1,692	6.3 %
2009	\$ 3,711	3.6 %	\$ 1,729	2.2 %
2010	\$ 3,819	2.9 %	\$ 1,763	2.0 %

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

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